



» With the recruitment of a sustainability specialist and the first climate analysis of our portfolio, we are taking the next step to develop our sustainability work«

Margareta Alestig,  
Deputy Managing Director with  
responsibility for sustainability issues

## Stronger expertise and climate analysis

*In 2014, AP6 strived to develop the sustainability work in various ways. The recruitment of a sustainability specialist, our initial analysis to measure the portfolio from a climate perspective and our own model for the ranking of funds are a few examples.*

► “The recruitment is a result of the development AP6 is undergoing. Even if we generally maintain a good level, specialist expertise will be needed to take the next step,” says Margareta Alestig, Deputy Managing Director with responsibility for sustainability issues.

The areas especially identified as important for AP6 are anti-corruption, human rights, labour law and environmental issues. Continuous training and development took place internally in the organisation within these and other areas.

External experts with international experience of these four areas have been engaged for reviews with all employees. The Senior

Management Team and investment managers have had special reviews.

### FIRST CLIMATE ANALYSIS

AP6's climate analysis should be seen as an initial attempt in our effort to measure the climate impact of our investments. The selection is limited to 80 per cent of the portfolio value and has been done on an overall level.

One difficulty is the fact that it is relatively uncommon for unlisted companies to publicly report carbon dioxide emissions. This means that access to information is limited.

Despite existing uncertainty factors, the analysis is deemed to be able to provide a reasonable overall illustration and should be able to form the basis of the work on reducing the portfolio's climate impact. The analysis indicates that AP6's portfolio is less carbon dioxide-intensive than the corresponding investments in the comparison index. On average, emissions per SEK invested are around one-third less than for corresponding investments according to the MSCI World index.

### SUSTAINABILITY ACTIVITIES

As in previous years, a number of meetings were held with co-operation partners. Focus was on requirements and follow-up of various sustainability aspects. A number of workshops were held internally, resulting in AP6's own ranking model for measuring the fund companies work on sustainability.

As a result of AP6's activity in the sustainability field, various employees have been invited both as speakers and participants in various contexts externally. AP6's Managing Director participated in panel debates on sustainability issues at Svenska Dagbladet's Financial Forum and Investor Summit. AP6's Deputy Managing Director participated in the international Business for Peace meeting in Oslo and the European Private Equity and Venture Capital Association's course in responsible investments held in London.

When Responsible Investor Awards 2014 were decided, also in London, AP6 was nominated in the category “Best RI Report by a Medium & Small Fund”.

# SUSTAINABILITY REPORT

*Responsible investment is central to AP6. Since 2013, we have produced an annual sustainability report for our own operations. The report complies with the framework for the Global Reporting Initiative (GRI G4) according to the Core level, which means that the focus is to include the most significant operational features.*

The premise for AP6 is that the sustainability work needs to be constantly developed and improved. The objective of AP6's sustainability work is to create lasting, measurable changes in the business. The purpose of the report is to measure the sustainability work already done and identify areas with improvement potential.

The attitude for the sustainability efforts is the same for AP6's entire investment organisation. However, the actual approach is different between company investments and fund investments. This is related to the forms of ownership differing. Company investments include companies where AP6 has direct holdings and thereby a direct influence. Here, it should be mentioned that the possibility of influence is proportional to the interest in the respective company.

Fund investments are investments in funds that in turn invest in companies. It thereby involves an indirect ownership for AP6. Here, influence is largely exerted through the signing of agreements and continuous dialogue.

Regardless of form of ownership, AP6's basic view is that it should take responsibility and try to influence the work on sustainability as an owner.

## 1. ACTIVELY SETTING REQUIREMENTS PROVIDES SUSTAINABLE INVESTMENTS

In its role as a national investor of pension funds, AP6 has both responsibility and possibilities to set requirements on the sustainability work in its investments.

AP6 should generate returns for the pensioners by investing in a sustainable and

responsible manner. This means that holdings in companies should be able to grow and generate returns through efficient resource utilisation, minimal impact on the environment, and by promoting social development and fair terms of employment.

AP6 may never act in a way that risks damaging the public's confidence in the management of the pension funds.

In its capacity as a manager of public pension funds, and as a national agency, AP6 must be a role model in terms of ethics and sustainability and actively strive for partners and holdings to work on these issues.

The requirements are based on the Code of Conduct adopted by AP6's Board of Directors. AP6 sees no contradiction between sustainable investments and the requirement on returns.

A consequence of this is that the work on sustainability issues (including opportunities and risks) has been integrated into the investment operations. This is to avoid an organisational format where the sustainability issues are on the side.

AP6 has the objective of working with sustainability in a structured manner, especially in terms of requirements and follow-up. By participating in and complying with the UN

Global Compact and PRI, AP6 has committed to ensuring that the sustainability aspects are always present in daily activities.

### Supplier chain

AP6 is subject to the Public Procurement Act. AP6 continuously evaluates its suppliers and sustainability is an important factor among many. The suppliers are largely comprised of service providers based in Sweden. One category of purchases is goods and services linked to office activities. This involves consumables, premises rent, various services, etc. One important area comprises suppliers of the means of transport for business travel. Here, AP6 has various targets for stimulating sustainable travel.

Financial services in connection with the issue, sale, acquisition or assignment of securities or financial instruments are exempt from the Public Procurement Act.

## 2. GOVERNANCE FOR SUSTAINABLE INVESTMENTS

### Code of Conduct

The Board of Directors has established and adopted a Code of Conduct that describes the values that apply to the business and is aimed at employees, partners and investments. The

### Core areas covered by the Code of Conduct are:

- Training and skills of employees and stakeholders
- Requirements imposed on business partners and holdings in companies and funds
- Anti-corruption, bribes and gifts
- Human rights and social justice
- Environmental principles and environmental consideration
- Compliance, dialogue and consequences/controls



Code of Conduct is actively communicated to these groups (read the Code of Conduct at [www.apfond6.se](http://www.apfond6.se)). There are sustainability targets for AP6's own organisation that are followed up annually. All employees must sign a confirmation that they have read and will comply with the Code of Conduct.

#### **Whistleblowers**

AP6 strives for an open corporate culture and good business ethics. All information is therefore important to management. To ensure reporting of information that for various reasons may be sensitive for employees to submit, AP6 has established a so-called whistle-

blower system. Through this, any employee can anonymously submit information if they suspect an impropriety or important deviation from the Code of Conduct. Anonymity is guaranteed by the system. The information is handled by the MD and Deputy MD.

#### **Ethical Standards Committee**

AP6's Ethical Standards Committee functions as an advisory body in matters concerning the areas of ethics, credibility and suitability linked with the business. The composition of the Committee is described on page 28. This may involve anything from invitations to business decisions regarding holdings. The

work of the Ethical Standards Committee is based on AP6's Code of Conduct, which establishes that employees may never act in a way that risks public confidence in how the pension funds are managed. The Ethical Standards Committee addresses matters, both on its own initiative and initiatives submitted by employees. In addition to this, ethical issues are continuously discussed in the organisation.

During the year, the Ethical Standards Committee received and answered a number of queries, none of which were related to suspected corruption.

### **3. OUR STAKEHOLDERS**

In its role as an investor of national pension funds, AP6 is affected and dependent on a number of different stakeholders in various ways and to varying degrees. Common to all of these stakeholders is the fact that AP6 is affected by them and can also affect them.

#### **Stakeholder analysis**

AP6 has conducted a stakeholder analysis based on two aspects, where each of them forms an axis on the graph on page 21. One axis shows the degree to which AP6 is affected and the other shoulder shows the degree to which AP6 has an effect.

Furthest up and out to the right on the graph are three groups that have a major impact on AP6's business and vice versa. They are: companies in which AP6 made direct investments, employees and pensioners. During the year, a large number of meetings were held with the holdings, which means the companies that AP6 made direct investments in and fund companies where AP6 has invested in various funds.

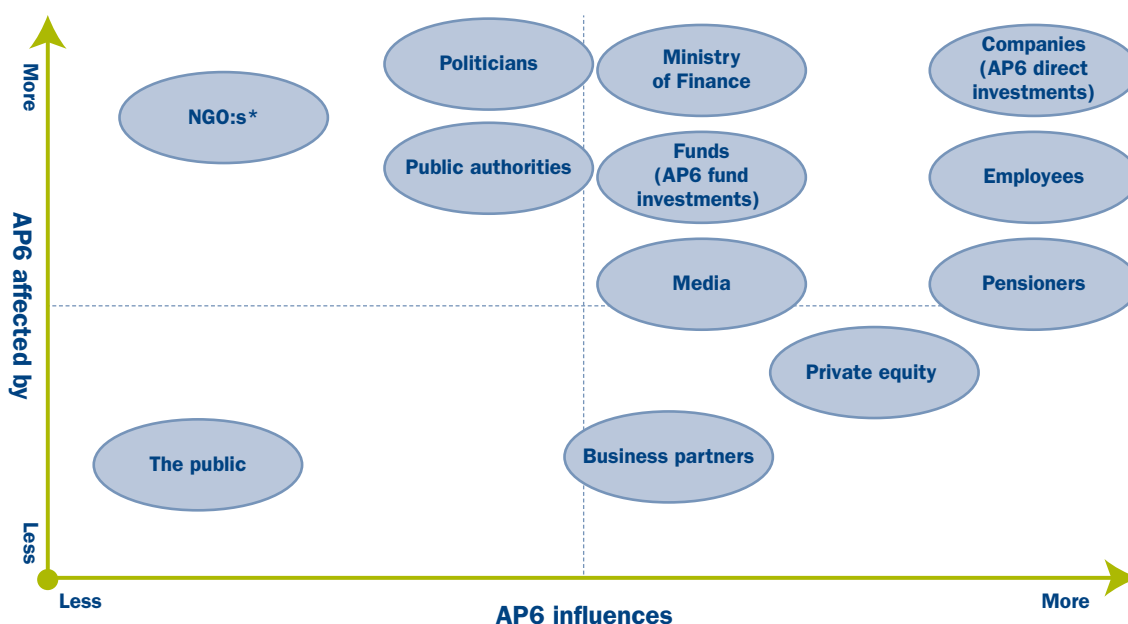
Focus was on requirements and follow-up of deviation reporting.

AP6 has also participated in various seminars, panel debates and conferences where sustainability issues have been the central theme. Other participants and audience members in these meetings have been representatives for the owner, partners and media. In addition to this, the MD has held a number of meetings with other authorities.

#### **Co-operation and membership**

AP6 is a member of multiple trade associations where various kinds of ethical and current

### The Sixth AP Fund's stakeholders:



\* NGO (non-governmental organisation): Non-governmental organisation, an organisation with no government links.

issues are discussed. Conditions are thereby created for AP6 to contribute to change and development of the industry and to serve as the driver of various issues. AP6 also has sustainability co-operation with the School of Business, Economics and Law at the University of Gothenburg.

#### 4. RESPONSIBILITY - THE PENSIONERS

A long-term sustainable and positive return is a given and a matter of survival for a national pension manager like AP6. The entire objective of AP6's mission and activities is to generate returns for the pension system. This takes place through investments that provide a long-term sustainable growth in value.

In its capacity as a national pension manager, AP6 has a responsibility to contribute to

maintaining public confidence in the pension system. Pursuant to this, AP6 as an organisation and its employees may never act in a way that puts this confidence at risk.

As a national pension manager, AP6 must serve as a good example in terms of ethics, moral standards and sustainability work in addition to acting and behaving responsibly.

#### 5. RESPONSIBILITY - THE OWNER/THE STATE

AP6's mission has been set by the Swedish Parliament, as described in the Sixth Swedish National Pension Fund Act (2000:193). Read more on page 6 in the Annual Report.

The Swedish Ministry of Finance has a clear influence on AP6 in its role as a representative for the owner, the Swedish people. Other representatives for the owner are the

Swedish Parliament and the Government. AP6's possibility to have an influence on the Ministry of Finance lies in AP6's ability to provide returns and satisfy the laws, rules and requirements set by the owner. Together with requirements regarding returns, sustainability and ethics are key areas.

#### Financial target

The actual return target is represented by the SIX Nordic 200 Cap GI index, with a risk premium of 2.5 per cent for unlisted companies.

SIX Nordic 200 Cap GI is calculated by SIX Financial Information and a portfolio index that reflects the development of the 200 largest companies, based on the market value that is listed on the Nordic stock exchanges in Copenhagen, Helsinki, Oslo and Stockholm.

#### Return

Crucial to returns in company investments is AP6's ability to evaluate, assess and invest in companies that can generate strong returns. AP6's ownership governance and the respective company management's ability to generate value are also crucial. Crucial for the return in fund investments is AP6's ability to evaluate, assess and invest in management teams that

#### In addition to the Global Compact and PRI, AP6 is a member of several trade associations:

- Swedish Private Equity and Venture Capital Association (SVCA)
- European Private Equity and Venture Capital Association (EVCA)
- Institutional Limited Partners Association (ILPA), is a global association of investors, including several pension funds
- Nordic Venture Network (NVN), an association of a number of leading venture capital teams in the Nordic region and Nordic institutional investors





in turn, through their work with investments, can generate good returns by developing and divesting companies.

#### **Evaluation by the owner and the Board**

The Ministry of Finance conducts an evaluation of AP6 in connection with the annual evaluation of the AP funds. In addition to this, there is an audit that is done by auditors appointed by the Ministry of Finance. The Board of AP6 also conducts an evaluation of the operations every year.

AP6 has, however, decided to report according to GRI on its own initiative. The total sustainability work for AP6 is continuously reported to the Ministry of Finance.

#### **6. RESPONSIBILITY AND OWNERSHIP GOVERNANCE**

The work with sustainability issues is integrated in AP6's investment organisation. AP6 as an owner should be close to the companies and funds that it has invested in. Proximity to company management and management teams is crucial to be able to set requirements

Head of Fund Investments. Issues concerning sustainability, returns and legal affairs are involved from the beginning. Through a constant screening process, a limited number of projects go on to the Investment Committee. There, an assessment is done that often results in a demand for more in-depth fact gathering. Once a decision has been made to invest, the Committee has set up overall targets for the continued sustainability work.

The Investment Committee's recommendation goes on to AP6's Board as a matter for decision.

#### **AP6's influence as an owner**

In its role as an investor of national pension funds, AP6 has both the obligation and opportunity to exert influence. This is done through a corporate governance process that is based on AP6's Code of Conduct and the analyses done during the investment process with a focus on returns, risks and sustainability challenges. The analyses are converted into an ownership plan for every company investment.

#### **Human rights**

Respect for international norms with regard to human rights, anti-corruption, labour law and environmental issues is a given requirement in all investments that AP6 makes. AP6 is a signatory of the UN Principles for Responsible Investment (PRI) and the Global Compact. Both of these guidelines are based on the UN Universal Declaration of Human Rights. Together with AP6's Code of Conduct in which human rights are addressed, these three documents form the basis of the requirements that AP6 sets on its partners and investments.

#### **Screening and evaluation based on sustainability criteria**

As a rule, AP6 conducts an extensive review, so-called due diligence, in every investment process. This includes sustainability aspects as well as legal and financial issues. Special consultants and experts are generally engaged to ensure that all issues are covered.

Depending on the type of potential investment object, physical visits on site may also be conducted with the aim of providing AP6 its own view of the working environment and production.

## **A fundamental element in all relationships between AP6 and its surrounding environment is the Code of Conduct**

#### **Remuneration guidelines**

The Ministry of Finance has adopted guidelines for the remuneration of senior executives in the AP funds. In addition to this, AP6's Board has adopted guidelines that not only apply to senior executives, but to all employees. Every year, AP6 commissions an evaluation of the remuneration levels of employees.

#### **Owner requirements on sustainability work**

The Ministry of Finance has stated that state-owned companies and administrations must have a high level of ambition with regard to sustainability work. GRI reporting is a requirement for state-owned companies. Such a requirement does not apply to the AP funds.

and monitor the sustainability work. AP6's definition of responsibility and ownership governance is based on a direct ownership entailing a direct responsibility. This applies regardless of the size of the participating interest.

#### **Decision processes**

Under the Managing Director, there is the Senior Management Team and a number of committees. This arrangement aims to create short, efficient decision pathways. AP6 works in a uniform manner with decision data that is documented in meeting minutes and kept on record.

When a project is initiated, an investment manager reports to the investment team and to the Head of Company Investments or the

This was the case in the investment in Sal-comp, which is a world-leading manufacturer of chargers for mobile phones, tablets and other mobile devices. The investment was made at the end of 2013 and was concluded at the beginning of 2014. AP6 engaged consultants to ensure the quality of the company's sustainability work. Local consultants conducted on-site inspections. AP6 visited the production facilities in China to be able to obtain its own impression. The work done by consultants and AP6 resulted in extensive documentation that provided an illustration of the actual situation and areas for improvement.

#### Examples of risks assessed and evaluated are:

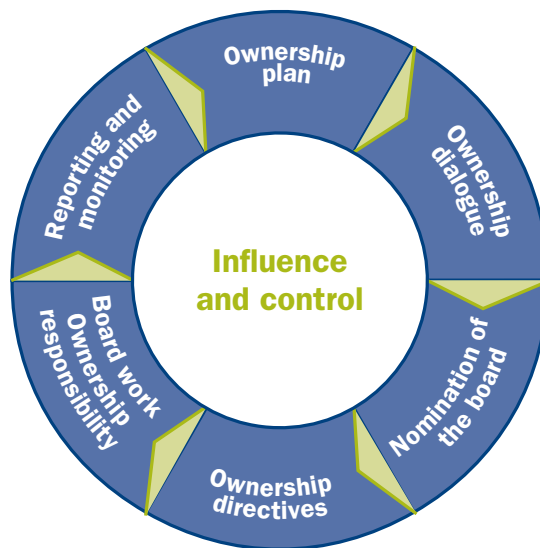
Kind of product, production, raw materials and how they are extracted, transports to and from the production unit, emissions and other environmental impact during production, waste and by-products that can arise in connection with production, recycling of products, working environment and terms of employment for staff and the risk of corruption.

The potential investment passes a number of control stations. This involves AP6's Investment Committee making principle assessments and decisions regarding sustainability and financial and legal aspects in the course of the process.

In 2014, the system with different control stations has meant that investment projects are disqualified on the basis of them not meeting the requirements set by AP6's Code of Conduct in various ways or to varying degrees.



#### The basis of ownership control work



AP6's most significant tool in achieving the objectives of sustainable, long-term value growth in holdings is the capacity to exert influence. This requires a clear description of what AP6 wishes to attain with its holding, clear communication to other stakeholders and systematic evaluation and monitoring work. The various components illustrated above are all crucial in active ownership work. Proceeding on the basis of these, AP6's ambition is to work in a systematic manner, in which each step is well documented and clear for each holding.

#### Investment portfolio

AP6 invests both directly in companies and indirectly in companies through funds. Around 40 per cent of the assets are invested in companies, around 30 per cent in funds and the rest comprises liquidity. The investment focus is the Nordic region and Europe.

AP6 invests independent of industry and does not use so-called negative screening, i.e. that certain industries are disqualified by definition. The reason is that any industry may have companies with activities of which conflicts with AP6's Code of Conduct.

Although AP6 does not work with negative screening, there are industries that are

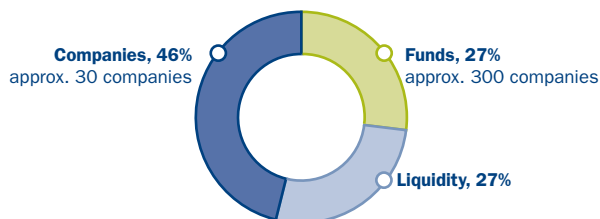
disqualified in practice. Some examples are weapons manufacturing and pornography.

#### Owner governance - Company Investments

AP6 has a documented plan for its holdings. The respective ownership plans are based on the analyses done during the investment process focusing on sustainability challenges, risks and returns.

The main objective of the plan is to describe how AP6 will generate a long-term sustainable growth in value. AP6 is often one of many owners in its holdings. This sets high demands on clear and continuous communi-

#### The Sixth AP Fund manages SEK 23.6 billion





cation with the other shareholders in the holdings. Through the owner dialogue, AP6 makes its view of the company's development clear as well as what priorities are the highest.

Establishing support for AP6's Code of Conduct is fundamental to the owner dialogue. It serves as a compass for all decisions concerning AP6 and the investment operations.

A central part of the owner governance is to appoint a professional Board of Directors. AP6 applies a broad approach with regard to recruitment of Board members. This involves creating a mix of specialist expertise, focus on sustainability issues, an even gender distribution and diversity. The latter is defined from a perspective that includes ethnic background, gender, experience, age and education.

#### **Owner governance - Fund Investments**

AP6's fund investments work according to

a model consisting of two processes. The first runs until contract signing, i.e. until AP6 decides to invest in a fund. During this period, AP6 makes its fundamental position in sustainability issues clear. For example, what international regulations and guidelines AP6 believes that a fund company and its investments should be affiliated or comply with.

Once the agreement is signed, the next process begins, which is expressed in part in a number of meetings and contacts. These occur continuously throughout the lifetime of the fund in question.

Focus in the relationship to both existing and new fund investments is on explaining, clarifying and deepening knowledge of AP6's Code of Conduct and its view of sustainability work. This includes setting requirements, deviation reporting and follow-up.

AP6 also strives to establish collabora-

tion between different investors. This is done by identifying issues around which as many investors as possible can rally. The aim is to get several to speak with one voice and thereby create a gathering of force to push various issues and requirements. In general, most investors that AP6 encounters are positive to collaborating.

#### **Requirements reporting sustainability**

AP6 requires that all directly owned companies have a Code of Conduct. At the end of 2014, 80 per cent of the companies had met this requirement. AP6 has the objective with regard to company investments that holdings corresponding to 80 per cent of the value of the portfolio shall report according to GRI or the equivalent. At the end of 2014, investments corresponding to 34 per cent of the value of AP6's portfolio reported according to GRI or the equivalent.

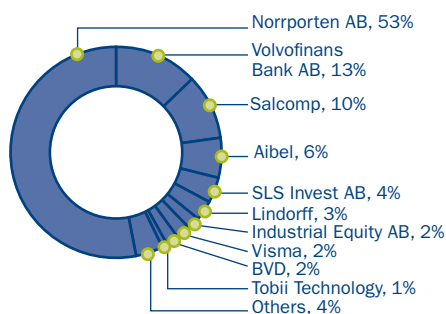
Norrporten, which is AP6's single largest holding, has since long conducted ambitious sustainability work. However, it did not previously report according to GRI, but decided to do so beginning in 2014. This is as a result of AP6's target for company investments.

#### **Climate analysis**

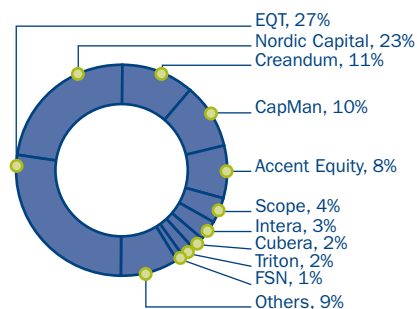
During 2014, AP6 carried out an initial attempt to analyse the climate impact of its portfolio. There are currently a number of difficulties for anyone seeking to analyse unlisted companies from this perspective. Generally accepted methods for measuring, analysing and comparing company carbon dioxide footprints are far more common for listed companies.

The fact that it is relatively uncommon for unlisted companies to publicly report their

*Major company investments*



*Major fund investments*



carbon dioxide emissions means that access to information is limited.

In light of these circumstances, the analysis came to be limited to cover 80 per cent of the total value in AP6's portfolio. The approach for assessing the companies was based on an overall perspective. South Pole Carbon was engaged to conduct the analysis.

Considering the existing uncertainty factors, AP6 believes that the analysis should be seen as an initial indication of how carbon dioxide-intensive the portfolio is. It is worth noting that the analysis indicates that the portfolio is less carbon dioxide-intensive than corresponding investment in comparative indexes. According to the analysis done, estimated emissions per SEK invested in AP6's portfolio are around one third lower than for corresponding investments according to the MSCI World Index.

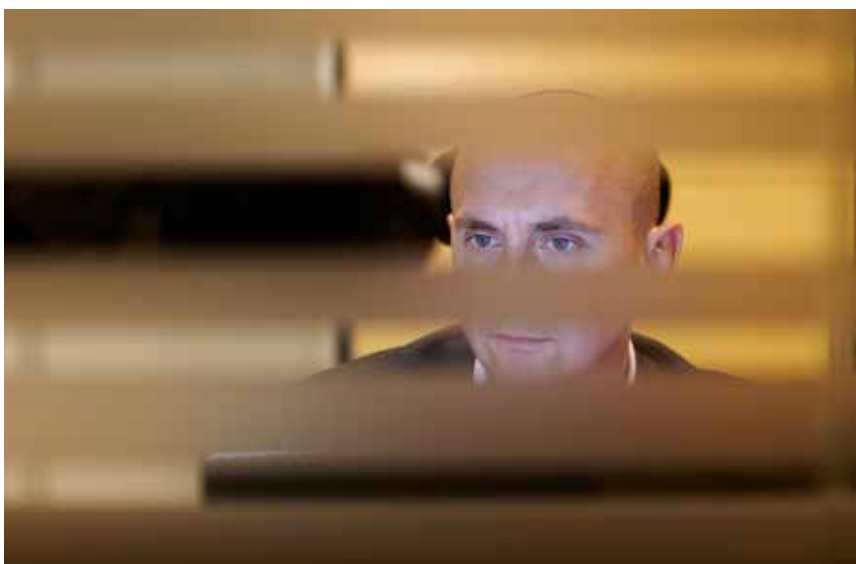
In light of the experiences from this first climate analysis, AP6 confirms that there is a clear need to increase the transparency of carbon dioxide emissions of unlisted companies. This must be done to provide conditions for relevant comparisons and clear targets for unlisted holdings.

#### **Investment follow-up**

AP6's direct investments report progress and deviations from a sustainability perspective every four months. This is done based on a prepared template. The investment manager continuously follows up on the development with the respective company management. In addition to this, there is continuous follow-up of the ownership plan for each investment.

In 2014, investment managers followed up and reconciled AP6's Code of Conduct with each holding. Based on the results, deviations and progress have been compiled.

AP6's fund investments monitor the development in each fund through a dialogue with fund companies and management teams. Fund Investments have prepared an assessment template for the fund companies' sustainability work. The templates are followed



up regularly. This is done, for example, in the evaluation of existing funds and prior to potential new investments.

#### **Internal follow-up**

AP6's internal sustainability work is followed up during the year in connection with the compilation of the GRI Report.

The Code of Conduct has been signed by all employees.

established a so-called whistleblower system during the year. Through this, any employee can anonymously submit information if they suspect an impropriety. No reports were received during the year.

## **7. ENVIRONMENTAL RESPONSIBILITY**

### **AP6 as an organisation**

In its own operations, travel is the environmental impact that AP6's employees have the

## **» During 2014, AP6 has carried out an initial attempt to analyse the climate impact of its portfolio«**

Follow-up of the Code of Conduct is based on the reporting of deviations and progress. Reporting and follow-up every four months is applied to set criteria/targets in CSR/ESG for investments in companies and funds.

The Code of Conduct, policies and targets are evaluated and revised once a year.

AP6 strives for an open corporate culture and good business ethics. To ensure that all information reaches management, even information that for various reasons may be sensitive for employees to submit, AP6 has

greatest possibility to influence. Rules and attitudes are described in AP6's guidelines. This is a matter of reviewing whether a journey is necessary and when it can be replaced by video, phone or online conferences. Travel must be planned and carried out so that the environmental impact is as little as possible.

The base year for measurements and comparisons is 2013.

AP6 has invested in video conference systems and phone conference systems to be able to reduce the amount of travel. In 2014,

#### **Long-term goals for diversity and equality**

##### **Diversity:**

##### **Equality:**

##### **Board equality:**

A workplace that reflects Swedish society (ethnic background, gender, age and so forth). An even distribution by gender in all departments and at all position levels.

The percentage of women shall be at least 50 per cent.





the video conference system was used on average almost two hours a day (1.5 hours/day in 2013). This is an increase of 30 per cent, which exceeds the target of a 10 per cent increase on a full-year basis.

In 2014, AP6 calculated carbon dioxide emissions from business travel for the first time. The emissions totalled 85,392 kg, which corresponds to 0.12 kg/km. The results from this measurement will provide a good tool for our continued work to reduce the climate footprint from our travel. Rail travel accounted for 16 per cent of air and rail travel in total, which is an increase of 3 per cent compared with 2013.

The IT environment underwent a number of changes during the year. Among other things, servers were replaced, leading to lower energy consumption. In connection with this, safety equipment was also replaced, such as the fire extinguishing system. This meant that an older and less environmentally friendly variant of gas used to extinguish fires in server halls was replaced by a more environmentally friendly variant.

## 8. EMPLOYEE RESPONSIBILITY

AP6's employees have a considerable influence on the operations. Value growth in investments and co-operation with various actors are entirely dependent on the performance of the employees. In its capacity as an employer, AP6 can influence ways of working, efficiency and attitudes in issues concerning ethics and sustainability.

### Anti-corruption

As a national pension manager, AP6 is subordinate to the Ministry of Finance, which has issued guidelines for where the limit goes for bribes and conflicts of interest. These regulations have been presented to and reviewed with all employees. AP6's position is to maintain a broad safety margin to what is allowed. The closer the limit of what is permitted, the greater the risk of violating that limit.

An employee or elected official should not even be suspected of allowing him or herself to be swayed by irrelevant wishes or considerations in his or her work. AP6 emphasizes that accepting personal responsibility and the ability to make ethical choices are important.

AP6 has adopted its own guidelines that entail a zero-tolerance to gifts. With regard to invitations to individual employees, the invita-

tion must have a clear and relevant professional connection. What is offered in the form of a meeting setting, location, food and beverage must be reasonable.

The starting point for AP6's guidelines has been the discussion on the risks of accepting any gifts or benefits at all from people or companies that one has contact with on the job.

Secondary occupations are another topic where both employer and employee must be careful and apply law and regulations in the same way, which means establishing a safety zone to what is permitted. Not putting the organisation's credibility at risk is fundamental. What extra jobs and secondary occupations are compatible with employment in the state is regulated in the Public Employment Act.

As an employee at AP6, one may never risk acting out of personal gain – or be affected by



somebody else who gains influence over one's decisions.

AP6 does not allow secondary occupations that conflict with the requirement of loyalty to the employer.

**Before accepting an invitation as an employee, one must ask oneself the following questions:**

- Is this a benefit and why is it being offered to me?
- What does the benefit consist of and what is it worth?
- What influence do I have on my employer's relationship with the sender of the invitation?

### Equal pay

AP6 complies with laws and regulations concerning equality and it is very important that equal terms apply for equal expertise, experience and with the same work description. This is a prerequisite for a well-functioning organisation. A review of this was conducted during the year.

### Diversity

It is important that AP6's personnel composition reflects Sweden as a country and diversity is an important factor in this regard. AP6's organisation is comprised of a relatively small staff with low employee turnover, which makes it especially important to have an overriding and long-term plan for the diversity work.

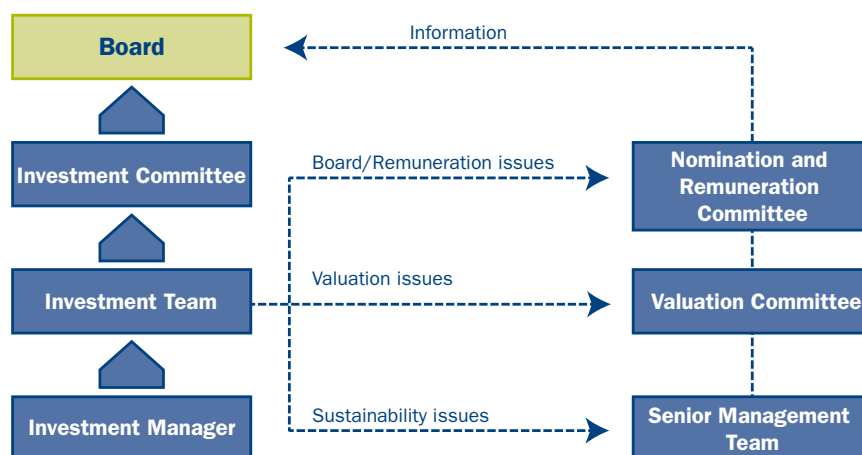
## » Investments corresponding to 80 per cent of the value of AP6's portfolio shall report in line with GRI or equivalent«

The diversity and equality aspects are a part of the specification in recruitment, both for temporary and permanent employment. An even gender distribution at all levels in the organisation is an important factor for an optimal organisation.

AP6 is involved in the organisation Mitt Liv, which works to make it easier for foreigners with an academic background to enter the Swedish labour market.

During the year, recruitment of substitutes

### Decision-making processes and committees



AP6 works with considerable transparency through all levels of decision-making. The decision data that investment managers prepare that is discussed in team meetings and the Investment Committee forms the basis of the same material that the Board receives.

Committees and investment organisations are led by individuals who are members of the Senior Management Team. The Managing Director regularly reconciles the investment process with the Board.

An investment decision is a multiple-stage process. AP6 works in a uniform manner with well-documented decision input. Decisions in all decision forums are documented in meeting minutes.

was conducted in co-operation with Mitt Liv. AP6 was thereby able to offer a trained economist with a foreign background a position in the accounting department for five months.

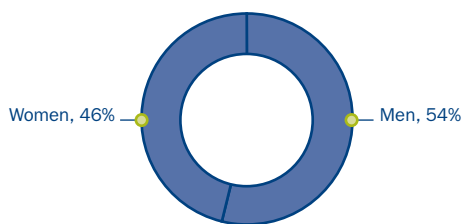
AP6 has also been involved in the mentor programme arranged by Mitt Liv. The programme began in the autumn and will be concluded mid-year 2015.

### Competence development

In order for AP6 to deliver a long-term sustainable and value-generating return, continuous competence development is a key issue. This also concerns being able to compete as an employer in the labour market. Competence development is planned at the annual development talks. A competence mapping for all of AP6 was done in 2014. Training comprising 20 hours was provided regarding anti-corruption, human rights and policies. Sustainability training was provided to all investment managers and the Senior Management Team. The latter also underwent management training. In connection with this, employee training was also provided. The number of training hours per employee was 23 hours in 2014.

### Health

Employee health is important to AP6's development and ability to provide returns. Health risks can include stress or stress-related diseases and ergonomic problems related to office work. All employees are covered by occupational health services with one health exam every two years. All employees are also offered health insurance and a fitness allowance. The

*Distribution of women and men*

employees can get help from an ergonomist to have a good working environment and tools for it.

Otherwise, AP6 complies with laws, rules and guidelines applicable to this area.

The previous year's value are provided in parentheses:

- Sickness absence 1.5 per cent (0.8)
- Personnel turnover 0.0 per cent (6.4)
- The fitness allowance was utilised by 89 per cent of the employees (82)

**Attractive workplace**

For AP6, being able to recruit and further develop competent personnel is of strategic significance. As it involves managing public pension funds through investments in unlisted companies, there are high demands on competence and judgement. AP6 recruits personnel in a competitive market. AP6 actively works with a balanced offering to do this and be perceived as an attractive workplace. This is based on three main components:

**1.** Interesting and exciting duties. AP6 is a substantial player in the Nordic market for unlisted companies. The organisation is on the leading edge with regard to owner governance and sustainability issues.

**2.** A balanced life. It should be possible to combine an occasionally hectic and very demanding professional role with, for instance, being the parent of small children. This perspective shall characterise the internal governance and work planning.

**3.** Market-based and attractive remuneration. Within the scope of the guidelines for remuneration and benefits (competitive compensation that is not a salary leader), the staff should be able to obtain good remuneration and reasonable benefits.

**Staff composition**

- The number of employees was 35 (33) divided between 16 (15) women and 19 (18) men.
- The Senior Management Team consists of 7 (7) individuals, of which 6 (6) are men and 1 (1) is a woman.
- Of the 35 (33) employees, 30 (29) are employed at the head office in Gothenburg and 5 (4) in Stockholm.
- The work is done by employees and no seasonal variations occur.
- The Board consists of 5 (5) individuals of which 2 (2) are women. The Chairman of the Board is a woman.

**9. ABOUT THE REPORT**

This GRI Report is the second compiled by AP6 and the reporting period is the 2014 calendar year. AP6 has chosen to do so-called "Core reporting". This means that the report is based on factors relevant to AP6's operations over which AP6 can influence in various ways. The report comprises every part of AP6's operations. The objective is to prepare this sustainability report once a year. No new conditions or significant changes have occurred since the previous year.

The GRI Report is a part of AP6's Annual Report. The GRI Report is not audited by the auditors.

For further information or to express opinions on the sustainability report, please contact:

**MARGARETA ALESTIG JOHNSON**

*Deputy Managing Director with responsibility for sustainability issues*  
margareta.alestig@apfond6.se

## Senior Management Team, committees and advisory bodies

**SENIOR MANAGEMENT TEAM:**

Karl Swartling (MD)  
Margareta Alestig Johnson (Deputy MD)  
Henrik Dahl (CFO)  
Mats Lindahl (Head of Company Investments)  
Karl Falk (Head of Fund Investments)  
Jonas Lidholm (General Counsel)  
Ulf Lindqvist (Head of Communications)

**INVESTMENT COMMITTEE:**

Margareta Alestig Johnson (Chair.)  
Karl Swartling  
Henrik Dahl  
Mats Lindahl  
Karl Falk  
Jonas Lidholm  
Ulf Lindqvist  
Håkan Bohlin

**VALUATION COMMITTEE:**

Håkan Bohlin (Chair.)  
Henrik Dahl  
Karl Swartling  
Margareta Alestig Johnson

**REMUNERATION AND NOMINATIONS COMMITTEE:**

Jonas Lidholm (Chair.)  
Mats Lindahl  
Margareta Alestig Johnson  
Karl Swartling

**ETHICAL STANDARDS COMMITTEE:**

Ulf Lindqvist (Chair.)  
Jonas Lidholm  
Margareta Alestig Johnson

**COMMITTEES IN AP6'S BOARD****Audit Committee**

Katarina Bonde (Chair.)  
Per Strömberg

**Remuneration Committee**

Olle Larkö (Chair.)  
Henrik Dägel

## GRI Index Sixth AP Fund 2014

Reporting area Page External verification\*

## STRATEGY AND ANALYSIS

G4-1 MD's statement 5 No

## ORGANISATIONAL PROFILE

G4-3	Organisational name	37	Yes
G4-4	Operations	Inside cover, 38, 39	Yes
G4-5	Location of headquarters	38	Yes
G4-6	Countries for operations	38	Yes
G4-7	Ownership	38	Yes
G4-8	Markets	N/A**	
G4-9	Organisational size	38, 49	Yes
G4-10	Employees	38, 49	Yes
G4-11	Employees covered by collective agreement	48	Yes
G4-12	Supplier chain	19	No
G4-13	Major changes during the year	28	No
G4-14	Precautionary principle	41	Yes
G4-15	Undertakings, affiliations	40	Yes
G4-16	Membership	21	No

## MATERIAL ASPECTS AND LIMITATIONS

G4-17	Scope financial/sustainability reporting	19	No
G4-18	Process content and limits	19	No
G4-19	Material aspects	see www.apfond6.se	No
G4-20	Internal limits for each aspect	see www.apfond6.se	No
G4-21	External limits for each aspect	see www.apfond6.se	No
G4-22	New conditions	28	No
G4-23	Significant changes since the preceding year	28	No

## STAKEHOLDER DIALOGUE

G4-24	Stakeholders	20, 21	No
G4-25	Process for selection of stakeholders	20, 21	No
G4-26	Stakeholder dialogue	20–23	No
G4-27	Content and response in the dialogue	20–23	No

## ABOUT THE REPORT

G4-28	Reporting period	28	No
G4-29	Date of latest report	19	No
G4-30	Reporting cycle	28	No
G4-31	Contacts	28	No
G4-32	Reporting levels/GRI reference list	29 and www.apfond6.se***	No
G4-33	External verification	29	No

## GOVERNANCE

G4-34	Governance, sustainability	1, 18–28	No
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## ETHICS AND INTEGRITY

G4-56	Code of Conduct	1, 19, 20	No
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\* The practice is for the directors' report, income statement, balance sheet and notes to undergo external verification, in other words to be reviewed by auditors. Other content in the annual report is quality assured, but is not externally verified.

\*\* N/A – not applicable

\*\*\* A complete sustainability report containing a reference list, including aspects and indications, is presented on the website www.apfond6.se

## FACTS



Signatory of:



## GLOBAL COMPACT AND PRI

AP6 participates in the UN Global Compact and pledges to realise and integrate the principles on human rights, working conditions and the environment in its operations and to encourage other companies to also observe the Global Compact.

AP6 is a signatory to the UN Principles for Responsible Investment. AP6 pledges to consider the management of environmental aspects, social issues and good administrative practice in conjunction with investment decisions and to encourage the reporting of ethical aspects in the investments through active ownership.



In 2014, AP6 conducted its first climate analysis with the aim of measuring the portfolio's carbon dioxide footprint. The analysis was performed by South Pole Carbon.

## About the Sustainability Report

The report covers AP6's internal operations. The contents of the report were established through an analysis of areas impacted by the operations. The analysis includes a prioritisation of the significance of every current aspect and identification of where the impact occurs, internally or externally. The analysis is based on the GRI principles for the selection of content.



## Aspects and indicators 31 Dec. 2014

Material aspect	DMA and indicator	Internal /external impact	Page in An- nual Report	Reason for not reporting
<b>ECONOMY</b>				
<b>Financial performance</b>	DMA/Management	I/E	2, 3	
	EC1 – Result and return		43, 47, 48	
<b>ENVIRONMENT</b>				
<b>CO<sub>2</sub> emissions</b>	DMA/Management	I	25, 26	
	EN17 – Carbon-dioxide emissions travel		26	
<b>WORK CONDITIONS</b>				
<b>Employees</b>	DMA/Management	I	26, 27, 28	
	LA1 – Total workforce turnover		28	
<b>Health and safety</b>	DMA/Management	I	28	
	LA6 – Rates of injury, occupational diseases, lost days, and absenteeism		28	
<b>Competence/training</b>	DMA/Management	I	27	
	LA9 – Average hours of training per year		27	
<b>Diversity and equal opportunities</b>	DMA/Management	I	28	
	LA12 – Breakdown of employees per employee category according to gender		28	
<b>Equal pay</b>	DMA/Management	I	27	
	LA13 – Ratio of remuneration women to men		27	
<b>HUMAN RIGHTS</b>				
<b>Training</b>	DMA/Management	E	22	
<b>Human rights</b>	HR2 – Total hours of employee training on policies and procedures on aspects of human rights		27	
<b>SOCIAL RESPONSIBILITY</b>				
<b>Anti-corruption</b>	DMA/Management	I/E	19	
	SO3 – Percentage and total business units analyzed for risks related to corruption and risks identified		26	
	SO4 – Percentage of employees trained in organization's anti-corruption policies and procedures		27	
	SO5 – Actions taken in response to incidents of corruption during the year		20	
<b>FINANCE INDUSTRY SUPPLEMENT</b>				
<b>Product portfolio</b> (DMA)	DMA/Management	I/E	23, 24	
	FS1 – Policies with specific environmental and social components applied to business lines		19–22	
	FS2 – Procedures for assessing and screening environmental and social risks in business lines		22	
	FS4 – Process(es) for improving staff competency		27	
	FS5 – Interactions with clients/business partners on environmental and social risks and opportunities		24, 25	
	FS6 – Percentage of the portfolio for business lines by size and sector		7, 10, 15	
<b>Follow-up</b>	DMA/Management	I/E	24	
	FS9 – Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures		24, 25	
<b>Active ownership</b>	DMA/Management	I/E	24, 25	
	FS10 – Percentage and no. of companies held in which AP6 interacted on environmental or social issues		25	
	FS11 – Percentage of assets subject to environmental or social screening		23	