



Principle	Principle	Principle
1	2	3
Individual/institutional shareholder engagements	Collaborative engagements	Service provider engagements
Response for intervention		
To support investment decisions and to ensure that the investment is in line with the investor's values and objectives		
To encourage companies to improve their ESG practices		
To help companies improve their ESG practices		
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# CLIMATE TRANSPARENCY REPORT 2020

AP2

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-7C9F7C11-ABB8-4AE4-96CC-07A6F4C5C45D/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	✓	Public				
SG 07.7 CC	✓	Public				
SG 07.8 CC	✓	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Public				
SG 14.2	✓	Public				
SG 14.3	✓	Public				
SG 14.6 CC	✓	Public				
SG 14.7 CC	✓	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Public				
SG 15.2	✓	Public				
SG 15.3	✓	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	AP2
<b>Signatory Category</b>	Reserve - sovereign or government controlled fund
<b>Signatory Type</b>	Asset Owner
<b>Size</b>	US\$ 30 - 50 billion AUM
<b>Main Asset Class</b>	Multi-Asset
<b>Signed PRI Initiative</b>	2006
<b>Region</b>	Europe
<b>Country</b>	Sweden
<b>Disclosure of Voluntary Indicators</b>	96% from 38 Voluntary indicators

AP2

Reported Information

Public version

Strategy and Governance

## 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.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 01.1** Indicate if you have an investment policy that covers your responsible investment approach.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 01.6 CC** Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Transition risks: AP2 regards climate risk as a long-term systematic risk in the Fund's portfolio and thus for the pension system. This applies not only to individual industries and companies but also to broad asset classes such as equities and bonds through their potential impact on the global economy. In the shorter term, the transition means investment opportunities that are deemed to benefit from it, e.g. companies in renewable energy, while assets that are not deemed to be sustainable pose a risk. AP2 has factored in transition risks regarding fossil fuels and transitions in the utility sector. This has resulted in divestments in coal mining companies, oil and gas companies and coal-fired power plants.

Physical risks: Real estate is an asset class where physical climate risks are apparent, both acute risks such as extreme weather events and systematic as for example rise in sea level. To better understand what potential impact physical climate risks may have on the property portfolio, two of AP2's external managers have evaluated the impact of extreme weather events and the effects of climate change over the next thirty years. For more information see AP2's climate report according to the TCFD recommendations. It is available at our website [www.ap2.se](http://www.ap2.se)

No

**SG 01.7 CC** Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

Describe the associated timescales linked to these risks and opportunities.

AP2 mainly works on a very long-term perspective, specifically 30 years, in line with the Fund's mandate and role in the public pension system. This long-term perspective is reflected in the choice of strategic portfolio, which includes both the long-term distribution of capital over various broad asset classes as well as strategies that determine the distribution within each asset class of individual securities. The strategic portfolio and its return shall provide as great a benefit to the pension system as possible - a goal that the fund may not disregard.

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

- Yes

Describe

AP2's want to develop the portfolio in line with the Paris Agreement. This is achieved by integrating climate analysis into the investment process and based on the Fund's mission, contributing to a transition into a low carbon society.

The strategy is described in "AP2's approach to the transition towards a low-carbon economy"  
[http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/klimatstrategi-2016\\_gb\\_161114.pdf](http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/klimatstrategi-2016_gb_161114.pdf)

- No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

AP2's Climate Report according to TCFD's recommendations. [http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/tcf/ap2s-tcf-reporting\\_190307\\_gb.pdf](http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/tcf/ap2s-tcf-reporting_190307_gb.pdf)

- We currently do not publish TCFD disclosures

## Governance and human resources

**SG 07 CC**

**Mandatory to Report Voluntary to Disclose**

**Public**

**Descriptive**

**General**

**SG 07.5  
CC**

Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other Chief-level staff or heads of departments

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

External managers or service providers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

Other role, specify (2)

Chief Strategist

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

SG 07.6  
CC

For board-level roles that have climate-related issue oversight/accountability or implementation responsibilities, indicate how these responsibilities are executed.

**The board's oversight of climate-related risks and opportunities**

AP2 is an independent government authority. According to the act that governs the Swedish AP funds' goals and the overarching frameworks under which they operate are set out by the board in an annual operational plan. The operational plan also includes AP2's corporate governance policy, which sets out clearly how the fund is to contribute, within the scope of its overall mission, to the favorable development in terms of ethics, the environment and corporate governance of the companies in which it invests. The board decides on the operational plan each year. The Swedish Government appoints the fund's board members.

The board establishes the strategic portfolio at least once per year as part of the fund's operational plan. AP2 uses a long-term perspective of 30 years in its strategic allocation. The board is informed about and discusses environmental, social and corporate governance (ESG) issues at each meeting.

AP2 has been working to identify companies with climate-related financial risks since 2013. In October 2014, the first analysis that concerned fossil energy companies was presented to the board, which decided at that time to divest from companies on the basis of criteria set by AP2. The board made a corresponding decision that applied to utility companies in 2015. AP2 follows up these decisions each year using an analysis of whether there are further companies to divest from or companies that are to be reinvested in as they are no longer regarded as having a significant climate-related financial risk. At that time, the board is also provided with an analysis of return pertaining to the divestments. One condition in the AP Funds' Act is that the consideration given to ethical and the environment concerns may be such that the overall goal of providing a high return at as low a risk as possible to the pension system.

AP2's overarching ambition in terms of climate is for the portfolio to be compliant with the Paris agreement. The



board decides on all index changes. The data put together by AP2 prior to a decision concerning potential index changes taking place contains an ESG analysis that includes an analysis of how the change will affect the carbon footprint. Climate aspects are thereby included in the Fund's evaluation of new indices/ index changes. The Fund has a working process to continuously inform the board of the Fund's sustainability work, where climate-related issues are included.

The board receives a yearly climate report containing information on the various activities of the Fund in relation to the climate. During 2018, the entire board has also received training in ESG, where climate was included.

**SG 07.7  
CC**

For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

### The role of management in assessing and managing climate-related risks and opportunities

During 2018, AP2 has expanded the management team with regard to sustainability and created a sustainability committee. This committee consists of the Fund's management group and the Senior sustainability analyst. The sustainability committee is responsible for the Fund's strategic work and controls the Fund's project organisation for sustainability. AP2's fossil group performs market and company analyses of sectors that the Fund has assessed to have significant financial climate risk. The fossil group includes two people from management (the Chief Investment Officer and the Head of Communication & HR), as well as sustainability analysts and equity analysts. Management informs the board about the work that is taking place that relates to the climate. There is no single person in management who has a specific responsibility in terms of climate, but climate-related risks and opportunities for investments are included in the responsibility of the Chief Investment Officer. This is because AP2's overall objective is that sustainability shall be an integral part of all analysis and decision making processes. The Fund works actively to integrate sustainability into fund management. The analysis of climate-related investment opportunities is initiated by the Chief Investment Officer. When an investment is identified, it is handled in accordance with the Fund's normal investment processes. AP2 has not at present formally described responsibility and processes for how management assesses and manages climate risks and opportunities. Since the Fund is a small organisation, where several executives are directly involved in climate work, the management is judged to have a good knowledge of the work that is taking place. Thus, the Fund has good opportunities to assess and handle climate-related risks and opportunities.

**SG 07.8  
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other
- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

## ESG issues in asset allocation

**SG 13**

**Mandatory**

**Public**

**Descriptive**

**PRI 1**

**SG 13.1**

Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities

Describe

AP2 performs a financial climate risk analysis och coal, oil & gas companies and coal based utilites. It has resulted in divestment from around 80 companies. In the strategic asset allocation AP2 has included climate risks see [www.ap2.se](http://www.ap2.se).

No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

**SG 13.3** Additional information. [OPTIONAL]

AP2 included climate risk in the Fund's overall return assumptions in 2019, which is the basis for the selection of the strategic portfolio. The Fund also sees investment opportunities in the climate area and makes investments that directly contribute to the transition that is required without compromising the risk-adjusted return. One example of this is that AP2 has increased its allocation to green bonds in the strategic portfolio from 1.0 to 3.0 per cent in 2019. Green bonds is a separate asset class with a specific allocation in the strategic portfolio.

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

Initial assessment

Describe

Used various climate and energy scenarios to increase AP2's knowledge and inform our analysis.

Incorporation into investment analysis

Describe

AP2 focused on oil and gas as a single sector, in conducting a scenario analysis exercise undertaken jointly by analysts from its sustainability and equities teams. The objective was to gain a greater understanding of the financial risk arising for the sector in future climate scenarios.

The initial step was to undertake in-house sector research to form our own view on the risks and opportunities the sector is facing. AP2 used multiple approaches to reach this point, one being scenario analysis. AP2 reviewed the IEA scenarios to select one which could represent a 2°C aligned future, choosing the IEA 2DS scenario, both because it offers a long timescale and because the IEA provides a visualization tool which enables users to see the impact of changes in assumptions. AP2 made some small modifications to the assumptions to better reflect AP2's beliefs, in order to calculate a cumulative global oil consumption trajectory for every year up to 2100. This was then used to produce a long-term break-even

price for oil in a 2°C world, based on a supply/demand analysis combining consumption trajectories with data on global oil resources. The break-even price was then used, together with other fundamental valuation tools, to decide which companies would be exposed to risks if this oil price materialised.

AP2 has analysed the oil and gas sector since 2014 and has divested from some 20 fossil fuel companies due to financial climate risks.

Two of AP2's non-listed real estate companies, Cityhold and Vasakronan, have worked with scenario analysis to assess climate risks. This is described in AP2's Sustainability Report which includes a TCFD-report. Read more at: <https://www.ap2.se/globalassets/nyheter-och-rapporter/hallbarhetsrapporter/sustainability-report-incl-tcf-2019.pdf>

- Inform active ownership
- Other

specify

Knowledge building

Describe

AP2 has been very active in IIGCC's work on scenario analysis. In November 2018, IIGCC published "Navigating climate scenario analysis: A guide for institutional investors" which aims to increase knowledge about scenario analysis. The report is available on IIGCC's website [www.iigcc.org](http://www.iigcc.org)

**SG 13.5**  
**CC**

Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

- Yes

Describe

AP2 time horizon is 30 years. However in some cases AP2 evaluates an even longer time horizon when considering climate-related risks.

For example AP2 has undertaken in-house sector research to form our own view on the risks and opportunities the oil and gas sector is facing. AP2 used multiple approaches to reach this point, one being scenario analysis. AP2 reviewed the IEA scenarios to select one which could represent a 2°C aligned future, choosing the IEA 2DS scenario, both because it offers a long timescale and because the IEA provides a visualization tool which enables users to see the impact of changes in assumptions. AP2 made some small modifications to the assumptions to better reflect AP2's beliefs, in order to calculate a cumulative global oil consumption trajectory for every year up to 2100. This was then used to produce a long-term break-even price for oil in a 2°C world, based on a supply/demand analysis combining consumption trajectories with data on global oil resources. The break-even price was then used, together with other fundamental valuation tools, to decide which companies would be exposed to risks if this oil price materialised.

No

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used	
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)	
IEA	<input checked="" type="checkbox"/> Current Policy Scenario (CPS)	
IRENA	<input type="checkbox"/> RE Map	
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution	
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)	
Bloomberg	<input type="checkbox"/> BNEF reference scenario	
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5	
IPCC	<input type="checkbox"/> RPC 6	
IPCC	<input type="checkbox"/> RPC 4.5	
IPCC	<input checked="" type="checkbox"/> RPC 2.6	
Other	<input checked="" type="checkbox"/> Other (1)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (1) please specify:</div> IPCC 1.5 degree
Other	<input type="checkbox"/> Other (2)	
Other	<input type="checkbox"/> Other (3)	

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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**SG 14.1**

Some investment risks and opportunities arise as a result of long term trends. Indicate which of the following are considered.

- Changing demographics
- Climate change
- Resource scarcity
- Technological developments
- Other, specify(1)
- Other, specify(2)
- None of the above

**SG 14.2**

Indicate which of the following activities you have undertaken to respond to climate change risk and opportunity

- Established a climate change sensitive or climate change integrated asset allocation strategy
- Targeted low carbon or climate resilient investments

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		179	264	315	594
Currency	SEK				
Assets in USD		18	731	485	075

Specify the framework or taxonomy used.

AP2's definition for the above question is the same as the definition used in the OECD PPRF Questionnaire for Green investments.

- Phase out your investments in your fossil fuel holdings
- Reduced portfolio exposure to emissions intensive or fossil fuel holdings
- Used emissions data or analysis to inform investment decision making
- Sought climate change integration by companies
- Sought climate supportive policy from governments
- Other, specify
- None of the above

**SG 14.3**

Indicate which of the following tools the organisation uses to manage climate-related risks and opportunities.

- Scenario analysis
- Disclosures on emissions risks to clients/trustees/management/beneficiaries
- Climate-related targets
- Encouraging internal and/or external portfolio managers to monitor emissions risks
- Emissions-risk monitoring and reporting are formalised into contracts when appointing managers
- Weighted average carbon intensity
- Carbon footprint (scope 1 and 2)
- Portfolio carbon footprint
- Total carbon emissions
- Carbon intensity
- Exposure to carbon-related assets
- Other emissions metrics
- Other, specify
- None of the above

**SG 14.5**

Additional information [Optional]

AP2 has performed financial climate risk analysis of fossil energy and utility companies:

<http://www.ap2.se/en/Financial-information/Press-releases/2014/second-ap-fund-to-divest-holdings-in-a-number-/>

<http://www.ap2.se/en/Financial-information/Press-releases/2015/the-second-ap-fund-continues-to-assess-the-financial-impact-of-climate-risks-and-will-divest-from-28-power-utilities/>

AP2's approach to the transition towards a low-carbon economy:

[http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/klimatstrategi-2016\\_gb\\_161114.pdf](http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/klimatstrategi-2016_gb_161114.pdf)

AP2's TCFD report is included in its Sustainability Report for 2019.

**SG 14 CC**

Voluntary

Public

General

**SG 14.6  
CC**

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
<b>Climate-related targets</b>	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Align portfolio with the Paris agreement		See AP2's Sustainability Report 2019 page 48-65.
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Transparency and monitoring purposes	tCO2e/SEKm	See factsheet on carbon footprint at <a href="http://www.ap2.se">www.ap2.se</a>
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Transparency and monitoring purposes	million tCO2e	See factsheet on carbon footprint at <a href="http://www.ap2.se">www.ap2.se</a>
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Transparency and monitoring purposes		
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Transparency and monitoring purposes	million tCO2e	See factsheet on carbon footprint at <a href="http://www.ap2.se">www.ap2.se</a>
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Transparency and monitoring purposes	tCO2e/SEKm	See factsheet on carbon footprint at <a href="http://www.ap2.se">www.ap2.se</a>
<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

SG 14.7  
CC

Describe in further detail the key targets.



Targettype	Baseline year	Target year	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			AP2's approach to the transition towards a low-carbon economy	<a href="#">File 1:klimatstrategi-2016_gb_161114(3).pdf</a>
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

**SG 14.8 CC** Indicate whether climate-related risks are integrated into overall risk management and explain the risk management processes used for identifying, assessing and managing climate-related risks.

- Processes for climate-related risks are integrated into overall risk management
- Processes for climate-related risks are not integrated into overall risk management

**SG 14.9 CC** Indicate whether your organisation, and/or external investment manager or service providers acting on your behalf, undertake active ownership activities to encourage TCFD adoption.

- Yes

Please describe

Dialogue with external managers.

AP2 promotes TCFD-reporting on conferences and seminars.

- No, we do not undertake active ownership activities.
- No, we do not undertake active ownership activities to encourage TCFD adoption.

<b>SG 15</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes

**SG 15.2** Indicate the percentage of your total AUM invested in environmental and social themed areas.

%

47

**SG 15.3** Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.

Area

- Energy efficiency / Clean technology

Asset class invested

- Listed equity
- Fixed income - SSA

Percentage of AUM (+/-5%) per asset class invested in the area

22

- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

Percentage of AUM (+/-5%) per asset class invested in the area

13

- Property
- Forestry
- Farmland
- Cash
- Other (1)
- Other (2)

Brief description and measures of investment

AP2 invest in Green Bonds and within Private Equity investments are made in cleantech, renewable energy and climate solutions.

- Renewable energy
- Green buildings

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property

#### Percentage of AUM (+/-5%) per asset class invested in the area

49

- Forestry
- Farmland
- Cash
- Other (1)
- Other (2)

#### Brief description and measures of investment

AP2 has investments totalling SEK 39 billion in Vasakronan, Cityhold Office Partnership, GTIS, Gateway Fund IV, US Office Holdings, all of which have been awarded Green Stars by the Global Real Estate Benchmark (GRESB).

- Sustainable forestry

#### Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Forestry

#### Percentage of AUM (+/-5%) per asset class invested in the area

100

- Farmland
- Cash
- Other (1)
- Other (2)

### Brief description and measures 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 - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity
- Property
- Forestry
- Farmland

### Percentage of AUM (+/-5%) per asset class invested in the area

100

- Cash
- Other (1)
- Other (2)

### Brief description and measures of investment

AP2 supports and has implemented PRI's Guidance for Responsible Investment in Farmland and reports annually on progress with the implementation and follow-up of these principles in AP2's Sustainability and Corporate Governance Report. The managers of AP2'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

