



Type of engagement	Reason for interaction
Individualist/stand alone engagements	<input type="checkbox"/> To support investment decisions relating to ESG issues <input type="checkbox"/> To influence corporate practice for more effective risk management <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate transition planning for net-zero <input type="checkbox"/> To influence corporate practice relating to ESG issues <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate transition planning for net-zero <input type="checkbox"/> Other: specify
Collaborative engagements	<input type="checkbox"/> To support investment decisions relating to ESG issues <input type="checkbox"/> To influence corporate practice for more effective risk management <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate transition planning for net-zero <input type="checkbox"/> To influence corporate practice relating to ESG issues <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate transition planning for net-zero <input type="checkbox"/> Other: specify
Service provider engagements	<input type="checkbox"/> To support investment decisions relating to ESG issues <input type="checkbox"/> To influence corporate practice for more effective risk management <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate transition planning for net-zero <input type="checkbox"/> To influence corporate practice relating to ESG issues <input type="checkbox"/> To encourage improved ESG practices <input type="checkbox"/> To support corporate transition planning for net-zero <input type="checkbox"/> Other: specify

CLIMATE TRANSPARENCY REPORT

2019

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 2019 PRI Reporting Framework.

About this report

This report is an export of only the climate-related indicators from the 2019 Reporting Framework response. The full Public Transparency Report is available here (https://reporting.unpri.org/surveys/PRI-reporting-framework-2019/-E943C4FF-F691-4C8D-8754-173101D113D6/00000000-0000-0000-0000-000000000000/doc/2/-%7C%7C*complete*%7C*public*/Merged/). 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 2019 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 01.1	✓	Public				
SG 01.2	✓	Public				
SG 01.3	✓	Public				
SG 01.4	✓	Public				
SG 01.5	✓	Public				
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 01.11 CC	-	Public				
SG 01.12 CC	✓	Public				
SG 02.2	✓	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 14.4	✓	Public				
SG 14.5	✓	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

Name	AP2
Signatory Category	Reserve - sovereign or government controlled fund
Signatory Type	Asset Owner
Size	US\$ 30 - 50 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2006
Region	Europe
Country	Sweden
Disclosure of Voluntary Indicators	86% 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

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.

Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input checked="" type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Fiduciary (or equivalent) duties <input checked="" type="checkbox"/> Asset class-specific RI guidelines <input type="checkbox"/> Sector specific RI guidelines <input checked="" type="checkbox"/> Screening / exclusions policy <input checked="" type="checkbox"/> Engagement policy <input checked="" type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<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

SG 01.3

Indicate if the investment policy covers any of the following

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments
- Your investment objectives that take ESG factors/real economy influence into account
- Time horizon of your investment
- Governance structure of organisational ESG responsibilities
- ESG incorporation approaches
- Active ownership approaches
- Reporting
- Climate change
- Understanding and incorporating client / beneficiary sustainability preferences
- Other RI considerations, specify (1)
- Other RI considerations, specify (2)

SG 01.4

Describe your organisation's investment principles and overall investment strategy, interpretation of fiduciary (or equivalent) duties, and how they consider ESG factors and real economy impact.

AP2's strategy is based on a step-by-step approach to value generation: choice of strategic asset allocation, selection of index and active management. This approach is based on a set of principles, or Investment Beliefs. These describe the Fund's view of how capital markets function and the opportunities and potential they present for generating a return on investment. One of the beliefs states that value can be both protected and created by being a responsible asset owner and asset manager.

AP2's vision of providing 'world-class asset management' can only be achieved if sustainability is integrated into the management. This is because sustainability issues are important to social development and future economic development and thus also to the fund's capital returns.

AP2's climate ambition is to develop our portfolio in line with the two-degree target. This is achieved by integrating climate analysis into the investment process and by, based on the fund's mission, contributing to the transition into a low carbon society in accordance with the Paris Agreement.

SG 01.5

Provide a brief description of the key elements, any variations or exceptions to your investment policy that covers your responsible investment approach. [Optional]

AP2's governance policy includes ten investor principles. These principles comprise structural matters, corporate governance, the environment - and ethics. The policy also defines AP2's core values and details the guidelines and initiatives to which AP2 is a signatory, or which it employs in pursuing its sustainability aims. This governance policy clarifies what AP2 expects of its portfolio companies, as well as what these same companies may expect of AP2 as an investor.

No

I confirm I have read and understood the Accountability tab for SG 01

I confirm I have read and understood the Accountability tab for SG 01

SG 01 CC

Voluntary

Public

Descriptive

General

**SG 01.6
CC**

Indicate the climate-related risks and opportunities that have been identified and factored into the investment strategies and products, within the organisation's investment time horizon.

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.

For more information see AP2's climate report according to the TCFD recommendations. It is available at our website www.ap2.se

**SG 01.7
CC**

Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

**SG 01.8
CC**

Indicate 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 01.9
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.10
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

No

SG 1.12 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

	specify
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AP2's Climate Report according to TCFD's recommendations.
http://www.ap2.se/globalassets/hallbarhet-agarstyrning/klimat/tcf/ap2s-tcf-reporting_190307_gb.pdf

SG 02	Mandatory	Public	Core Assessed	PRI 6
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 02.1	Indicate which of your investment policy documents (if any) are publicly available. Provide a URL and an attachment of the document.
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- Policy setting out your overall approach

	URL/Attachment
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- URL

	URL
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{hyperlink:http://www.ap2.se/globalassets/hallbarhet-agarstyrning/agarpolicy/corporate-governance-policy_181214-gb.pdf}

- Attachment (will be made public)

- Formalised guidelines on environmental factors

	URL/Attachment
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- URL

	URL
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{hyperlink:http://www.ap2.se/globalassets/hallbarhet-agarstyrning/sustainability-policy_181214-gb.pdf}

- Attachment (will be made public)

- Formalised guidelines on social factors

	URL/Attachment
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- URL

URL

{hyperlink:http://www.ap2.se/globalassets/hallbarhet-agarstyrning/manskliga-rattigheter/ap2-human-rights-policy-statement.pdf}

- Attachment (will be made public)
- Formalised guidelines on corporate governance factors

URL/Attachment

- URL

URL

{hyperlink:http://www.ap2.se/globalassets/hallbarhet-agarstyrning/agarpolicy/corporate-governance-policy_181214-gb.pdf}

- Attachment (will be made public)
- Fiduciary (or equivalent) duties
- Asset class-specific RI guidelines
- Screening / exclusions policy

URL/Attachment

- URL

URL

{hyperlink:http://www.ap2.se/globalassets/hallbarhet-agarstyrning/agarpolicy/corporate-governance-policy_181214-gb.pdf}

- Attachment (will be made public)
- Engagement policy
- (Proxy) voting policy
- We do not publicly disclose our investment policy documents

SG 02.2

Indicate if any of your investment policy components are publicly available. Provide URL and an attachment of the document.

- Your organisation's definition of ESG and/or responsible investment and it's relation to investments

URL/Attachment

- URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

- Attachment
- Your investment objectives that take ESG factors/real economy influence into account

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

Attachment

Time horizon of your investment

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

Attachment

Governance structure of organisational ESG responsibilities

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

Attachment

ESG incorporation approaches

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

Attachment

Active ownership approaches

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

Attachment

Reporting

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2017.pdf}

Attachment

Climate change

URL/Attachment

URL

URL

{hyperlink:http://www.ap2.se/globalassets/nyheter-och-rapporter/arsredovisningar/annual-report-and-sustainability-report-2018.pdf}

Attachment

Understanding and incorporating client / beneficiary sustainability preferences

We do not publicly disclose any investment policy components

Governance and human resources

SG 07 CC	Voluntary	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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	Board members or trustees
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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 head of department

- 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)

Other description (2)

Sustainability Analysts and Equity Analyst

- 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 for which have climate-related issues 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 the management-level roles that assess and manage climate-related issues, provide further information on the structure and process involved.
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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, who also has a coordinating responsibility for ESG), 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	Explain how the organisation engages external investment managers on the TCFD recommendations and its implementation.
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- Incorporation of TCFD in Annual Report
- Incorporation of TCFD in regular client reporting
- Request that investment managers complete PRI Climate indicators
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner guide

ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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SG 13.1	Indicate whether the organisation undertakes scenario analysis and/or modelling and provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).
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- Yes, to assess future ESG factors
- Yes, to assess future climate-related risks and opportunities

	Describe
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AP2 performs a financial climate risk analysis och coal, oil & gas and coal based utilities. It has resulted in divestment from around 80 companies.

No, not to assess future ESG/climate-related issues

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 has green bonds as a separate asset class with a specific allocation in the strategic portfolio.

SG 13 CC

Voluntary

Public

Descriptive

General

**SG 13.4
CC**

Describe how the organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, the 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 their 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. They chose the IEA 2DS, 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 used the IEA 2DS scenario, with 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 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 TCFD report for 2018

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

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 the organisation has evaluated the impacts of climate-related risk, beyond the investment time-horizon, on the organisations investment strategy.

- Yes
- No

Please explain the rationale

AP2's investement horizon is 30 years.

SG 13.7
CC

Indicate whether a range of climate scenarios is used.

- Yes, including analysis based on a 2°C or lower scenario
- Yes, not including analysis based on a 2°C or lower scenario
- No, a range is not used

SG 13.8
CC

Indicate the climate scenarios the 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: #cccccc; 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		18	000	000	000
Currency	SEK				
Assets in USD		2	004	185	658

Specify the framework or taxonomy used.

Investments in funds with dedicated sustainable strategies, forestry, sustainability bonds and green real estate (GRESB Green Star).

- 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 14.4 If you selected disclosure on emissions risks, list any specific climate related disclosure tools or frameworks that you used.

AP2 has used TCFD's framework

<http://www.ap2.se/en/sustainability-and-corporate-governance/climate/ap2s-approach-to-the-transition-towards-a-low-carbon-economy/>

SG 14.5 Additional information [Optional]

AP2 has performed financial climat 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

AP2's TCFD report

<http://www.ap2.se/en/sustainability-and-corporate-governance/climate/ap2s-approach-to-the-transition-towards-a-low-carbon-economy/>

SG 14 CC	Voluntary	Public	General
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SG 14.6 CC Please provide further details on these key metric(s) used to assess climate related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Climate-related targets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Align portfolio with the Paris agreement		
Weighted average carbon intensity	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets			
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets			
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
Exposure to carbon-related assets	<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	Time Frame	Description	Attachments
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target		AP2's approach to the transition towards a low-carbon economy	File 1: klimatstrategi-2016_gb_161114.pdf
<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 risks management processes for identifying, assessing, and managing climate-related risks.

- Process for climate-related risks is integrated into overall risk management
- Process for climate-related risks is not integrated into our overall risk management

SG 14.9 CC Indicate whether the organisation undertakes active ownership activities to encourage TCFD adoption.

- Yes
- No, we do not engage

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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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.

%

11

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

% of AUM

2

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

% of AUM

2

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

Brief description and measures 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.

- 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

% of AUM

6

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

Brief description and measures of investment

AP2 has investments totalling SEK 19 billion in Vasakronan, Cityhold Office Partnership, Castellum, Kungsleden, Fabega and Wihlborgs Fastigheter, 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

% of AUM

1

- Farmland
- 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
 - Microfinance
 - SME financing
 - Social enterprise / community investing
 - Affordable housing
 - Education
 - Global health
 - Water
 - Other area, specify
- No