



	Principle Mandatory	Principle Discretionary
Type of engagement		
Individual/institutional engagements		
Collaborative engagements		
Service provider engagements		

Response for intervention

- To support investment decisions and/or to influence ESG issues
- To encourage corporate action for specific ESG issues
- To support investment decisions and/or to influence ESG issues
- To encourage corporate action for specific ESG issues
- Other: specify

Response for collaboration

- To support investment decisions and/or to influence ESG issues
- To encourage corporate action for specific ESG issues
- Other: specify

Response for service provider

- To support investment decisions and/or to influence ESG issues
- To encourage corporate action for specific ESG issues
- Other: specify

CLIMATE TRANSPARENCY REPORT 2020

AP6

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/-60A6E7E5-3EA9-414D-BB2B-3560F2225C72/79894dbc337a40828d895f9402aa63de/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	✓	Private				
SG 13.5 CC	✓	Private				
SG 13.6 CC	✓	Private				
SG 13.7 CC	✓	Private				
SG 13.8 CC	✓	Private				
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	
Name	AP6
Signatory Category	Reserve - sovereign or government controlled fund
Signatory Type	Asset Owner
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2012
Region	Europe
Country	Sweden
Disclosure of Voluntary Indicators	67% from 38 Voluntary indicators

AP6

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.
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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.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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Climate change challenges the basis of economic prosperity through undermining the climate stability necessary for human life and activity. For AP6, as part of the Swedish public pension system, tasked with the provision of pensions to future pensioners, climate related physical and transitional risks can negatively affect long term returns. Likewise, climate related opportunities can positively affect returns. Therefore, considering climate change related effects on AP6's investments is required and prioritised. Depending on the nature of the investment, climate related risks and opportunities differ. For some companies extreme weather events can cause interruptions in the value chain. Rising temperatures can affect raw material prices and thus the cost of production. Other risks include a forceful policy response through e.g. a high price on carbon emission and brand reputation risks. Climate-related opportunities span across cost savings through energy efficiency, taking advantage of changing consumer preferences towards sustainable business practices, and product innovation.

Climate related risks and opportunities are identified and factored in due diligence and through investment monitoring of both direct investments as well as indirect investments. Questions around climate related risks and opportunities are integrated into AP6's annual ESG assessment and an annual carbon footprint (scope 1 & 2) of the portfolio is established. In 2019, the carbon footprint was expanded to include an estimation of scope 3 emissions. As this was the first estimation of scope 3 emissions from the portfolio, AP6 has chosen not to disclose the estimation yet. A high level analysis of physical climate risk in the portfolio was also carried out.

Furthermore, AP6 typically avoids investments in fossil fuel on the basis of climate change and the transition to a low carbon economy. As per 31st December 2019, energy related investment accounted for 1.5 % of the value of AP6's PE portfolio.

No

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

Describe the associated timescales linked to these risks and opportunities.

The likelihood and impact of climate change related risks are assessed in due diligence of investments. In these assessments, likelihood and impact during the holding period of the investment, and exit potential is considered.

AP6 carried out a high level physical climate risk analysis of the portfolio based on sector and geography during 2019. The analysis looks at long term / chronic risk and short term / acute risk until 2050.

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

AP6 has since 2015 an internal strategy for

- 1) increasing awareness regarding climate-related risks and opportunities in the investment portfolio
- 2) increasing carbon transparency in the investment portfolio (encouraging measurement and reporting of carbon emissions where material)

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

Sustainability report (integrated into Annual Report)

We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	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.

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

Portfolio managers

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

Investment analysts

- 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

**SG 07.6
CC**

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

AP6 board of directors has set climate related targets regarding carbon transparency as well as climate related strategy and risk management. Performance in relation to the targets is assessed annually and presented to the board of directors.

Climate-related risks and opportunities are an integrated part of AP6's investment process. Due diligence of direct and indirect investments should include climate change due diligence as appropriate. When climate-related aspects of an investment are material, this should be part of the decision material presented to the investment committee, and ultimately, to the board of directors before investment.

AP6 furthermore carries out an annual climate analysis of the portfolio, including a carbon footprint of the portfolio, which is presented to the board of directors on an annual basis.

**SG 07.7
CC**

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

Climate related risks and opportunities are an integrated part of AP6's investment process and thereby part of the oversight responsibilities of management level roles, specifically CIOs and Deputy Managing Director, who is responsible for responsible investments on a management level.

Due diligence of direct and indirect investments should include climate change due diligence as appropriate. When climate related aspects of an investment are material, this should be part of the decision material presented to the investment committee (management level), and ultimately, to the board of directors.

AP6 board of directors has set climate related targets regarding carbon transparency as well as climate related strategy and risk management. Management is responsible for the oversight of activities enabling the performance against those targets, through assigning an annual climate analysis of the portfolio, which includes a carbon footprint of the portfolio.

**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

Specify

The TCFD recommendations are discussed in the annual ESG evaluation of external managers. AP6 has chosen to report on the PRI climate module since start.

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

	Describe
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During 2019, AP6 carried out a high-level assessment of physical climate risk in the portfolio. AP6 also monitors whether asset managers carry out climate change risks and opportunities mapping in relation to climate change scenarios.

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.
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	We do the following
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- 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 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.
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- 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
- 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

other description

Integration of climate-related risk and opportunity in due diligence and monitoring

- 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

other description

Engagement with companies and asset managers on climate change related risks and opportunities.

- None of the above

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
Climate-related targets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	A means of identifying carbon and climate related risk as well as promoting carbon transparency and raise awareness of climate-related risk and opportunity	% of investments measuring carbon emissions and mapping climate-related risks and opportunities	
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Align with TCFD recommendations and provide an additional means of assessing the carbon intensity of the portfolio	tCO2e/MSEK	Emissions are allocated to the investor based on an investor's ownership of a company, and a corresponding amount of the companies CO2e emissions. This approach is developed for public equity analysis and has in the case been applied to private equity. Reported emissions and estimated emissions from portfolio companies have been used.
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	A means of promoting carbon transparency in PE	tCO2e	Emissions are allocated to the investor based on an investor's ownership of a company, and a corresponding amount of the companies' CO2 emissions. This approach is developed for public equity analysis and has in the case been applied to private equity. Reported emissions and estimated emissions from portfolio companies have been used.
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	A means of promoting carbon transparency in PE	tCO2e/MSEK	Emissions are allocated to the investor based on an investor's ownership of a company, and a corresponding amount of the companies' CO2 emissions. This approach is developed for public equity analysis and has in the case been applied to private equity. Reported emissions and estimated emissions from portfolio companies have been used.
Total carbon emissions	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	A means of promoting carbon transparency in PE	tCO2e	Emissions are allocated to the investor based on an investor's ownership of a company, and a corresponding amount of the companies' CO2 emissions. This approach is developed for public equity analysis and has in the case been applied to private equity. Reported emissions and estimated emissions from portfolio companies have been used.

Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	A means of promoting carbon transparency in PE	tCO2e/MSEK (market value) and tCO2e/MSEK (revenue)	Emissions are allocated to the investor based on an investor's ownership of a company, and a corresponding amount of the companies' CO2 emissions. This approach is developed for public equity analysis and has in the case been applied to private equity. Reported emissions and estimated emissions from portfolio companies have been used.
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	A means of mapping carbon and climate related risk in the portfolio	% of PE AUM invested in companies within the sector Energy	

**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			Portfolio companies corresponding to 80 % of the value in the direct portfolio should measure carbon emissions and map climate-related risks and opportunities	
<input checked="" type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target			Investments in PE funds corresponding to 80 % of the value in the indirect portfolio should address climate change through e.g. climate strategy, carbon footprinting	
<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

Please describe

AP6 carries out an annual risk assessment, where each risk and its risk driver are analysed. The likelihood of materialisation of each risk, as well as the impact of such is discussed together with an assessment of mitigating factors. Finally the level of net risk is assessed and confirmed. Management reports the result of the risk assessment to the audit committee, and in relevant cases to the sustainability committee, of AP6's board of directors.

Specifically regarding sustainability risks, these are primarily related to the investment portfolio and can entail a number of risks depending on e.g. sector and geography, including the risk of breaches of international norms on human rights, labour rights or anti-corruption, risk for environmental degradation or climate change risk. AP6 manages sustainability risk in the portfolio, based on AP6's Code of Conduct and ownership policy, through systematic diligence and monitoring of investments from a sustainability perspective. The annual adoption (by the board of directors) of specific sustainability goals further contributes to managing sustainability risk.

Since 2015, AP6 carries out an annual climate analysis of the portfolio, including a carbon footprint. Another feature of the climate analysis has been an in-depth analysis of how companies and private equity funds are managing the issue of climate change in their activities and investments. The conclusion of the analysis is on the one hand that AP6's portfolio is not carbon intensive, mainly due to sector focus, and on the other hand that there is a need for raising awareness about climate related risks and increasing climate transparency at individual investees. The annual climate analysis is presented to the board of directors, which annually sets sustainability targets for AP6, including targets relating to climate change. Medium and long-term climate risk is mainly mitigated through awareness building and through promoting climate transparency.

In 2019, AP6 commissioned an overview analysis of the physical climate risks in the portfolio. Although it does not go into great depth, it does indicate that there are medium-high risks in nearly half of the portfolio. It is not currently possible for AP6 to, at the portfolio level, document the other climate-related risks like changes in consumer behavior or more regulation of products and emissions.

AP6 has further integrated climate change into the ESG due diligence and monitoring of companies and PE firms as a means of detecting climate related investment risk. As a result some investments (mostly energy related) have been rejected based on climate change related considerations. Additionally, AP6 looks positively at companies that can provide products and services in a low-carbon economy, and companies with an ambitious approach to energy efficiency.

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

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.
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- Yes
- No