



**ETHICAL COUNCIL'S
ANNUAL REPORT
2015**



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THE ETHICAL COUNCIL OF THE AP FUNDS

The Ethical Council of the Swedish AP Funds is a collaboration between the First, Second, Third and Fourth AP Funds, which have a mandate from the Swedish Parliament to create a high return at a low risk for current and future pensioners. The Ethical Council works to contribute to the AP Funds' long-term return by encouraging corporate social responsibility among the companies with regard to environmental and social issues.

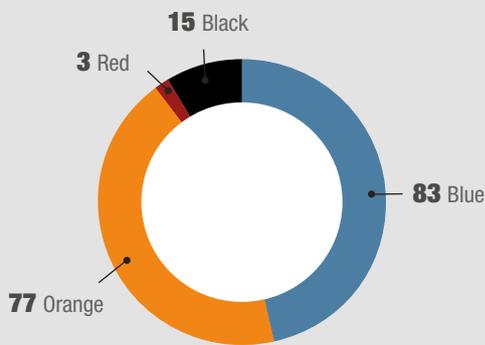
The AP Funds believe that well-managed companies provide higher returns and lower risk over time. The four AP Funds are long-term, responsible and committed owners that want to encourage the companies to take responsibility. The collaboration in the Ethical Council of the AP Funds therefore aims to contribute to long-term returns by exerting influence on companies and industries to pursue sustainable value creation. The Ethical Council of the AP Funds cooperates with regard to the companies in the funds' portfolios of listed equities, especially the non-Swedish holdings.



ETHICAL COUNCIL'S DIALOGUES 2015

Status

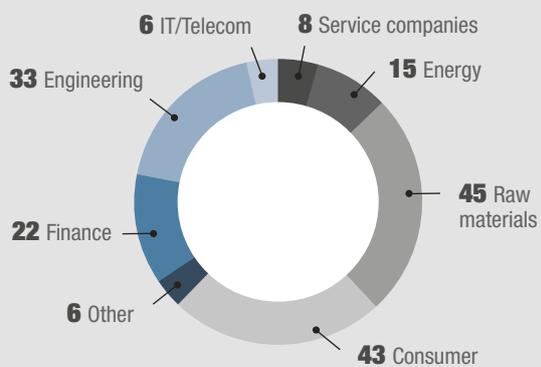
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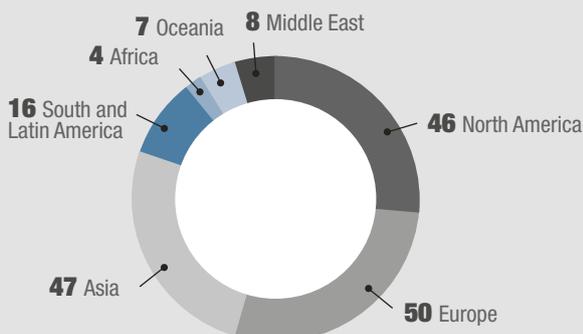
Sectors

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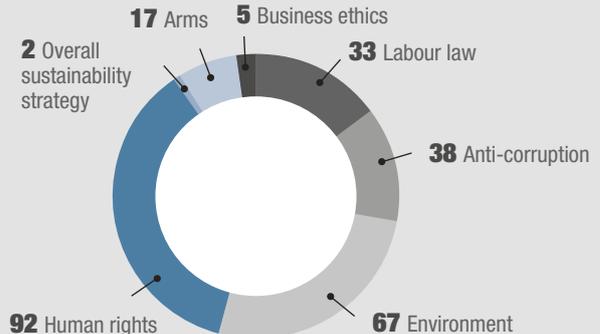
Regions

Total 178



Events

Total 254



CHAIR OF THE ETHICAL COUNCIL: ON THE COLLABORATION

The Ethical Council of the AP Funds has an important task – to contribute to the AP Funds as long-term, responsible and committed owners. The aim of the Ethical Council of the AP Funds is to influence portfolio companies to improve their work on environmental and social issues. We know that the Ethical Council's and the AP Funds' involvement makes a difference.

Dialogues influence the companies

Sometimes companies fail. In such cases, it is more important for the AP Funds to be involved and influence the companies to make improvements than to immediately sell the holding and end their ownership. As long as the AP Funds are owners, there is a possibility to exert influence. The dialogues of the Ethical Council aim to prevent violations from occurring, point out violations when they can be confirmed and demand that they end and work to develop guidelines so that the violations are not repeated. It is only if dialogue and other forms of pressure do not lead to the results we desire, or if the company does not communicate with us that the Ethical Council recommends exclusion, meaning that the AP Funds sell the holding.

Coordination is our possibility to influence

The four AP Funds have different ways of investing and consequently have different sustainability strategies. This is an important part of spreading the risks in the pension system. Despite different strategies, the cooperation within the Ethical Council works excellently. By coordinating the dialogues with the companies and giving the AP Funds joint recommendations, the Ethical Council strengthens and improves our possibility of influencing the companies to pursue a direction that benefits the AP Funds.

The Ethical Council's cooperation with other managers and organisations is also characterised by synergies resulting from collaboration. Here, I would like to mention our work with the UN initiative Principles for Responsible Investment (PRI), the Institutional Investors Group on Climate Change (IIGCC) and the International Corporate Governance Network (ICGN).

We also collaborate in a number of ways with other pension managers both in and outside Europe. What characterises these collaborations is not only that we can formulate and present joint demands and requests, but also that we and our peers also learn from each other and gain the possibility of comparing and exchanging experiences.

Long-range thinking in focus

The long-term approach, which characterizes the AP Funds and the Ethical Council, fits sustainability issues well. Today, we conduct extensive work in both the Ethical Council and the AP Funds on responsible investments and responsible ownership. It is important that the AP Funds continue to have freedom to formulate and carry out their sustainability work, of course on the basis of the principles established by the AP Funds' principal – the Swedish Parliament. Such an approach ensures that the AP Funds can act quickly prior to changes in the surrounding world and can more easily learn from the experience of others.

The climate issue and human rights – joint issues

In terms of the climate issue, it is important that the AP Funds and other long-term asset managers are afforded the opportunity to act sustainably. The actual sustainability principle presupposes a long-term perspective in ownership. This in turn requires stable, long-term rules that both companies and investors can relate to. Uncertainty and irregularity in policies can lead to important investments being delayed or not being made at all. In this context, it is therefore pleasing that the countries of the world succeeded in agreeing on joint ambitions for the climate work at the UN Paris Climate Change Summit in December 2015. The plan to follow up the climate work every five years to adapt the work to what has been achieved and what needs to be done in the future is particularly important.

In the light of on-going climate changes, all of the AP Funds have measured and reported their portfolios' carbon footprint, an expression for how much greenhouse gases are emitted by the companies the AP Funds invest in relative to the AP Funds' participating interest in the companies. We want to continue contributing to the development of additional measures that can help investors and companies handle climate-related risks and opportunities.

“As long as the AP Funds are owners, there is a possibility to exert influence.”

The question of the delimitation between entrepreneurship and business activities on one side and the protection of human rights on the other is receiving growing attention today and is also under development. It involves issues of how the companies' responsibilities shall be defined and at what level of the business human rights aspects come in. These are difficult and partially new issues, and consequently, cooperation and information exchange between various companies, industries and investors are important. This is why the Ethical Council together with some other Nordic pension managers arranged a much-appreciated seminar in November 2015 with the aim of helping the companies implement the UN Guiding Principles for Business and Human Rights. Some 50 Nordic companies and asset managers took part. It is particularly pleasing that the Ethical Council can be involved and contribute to both companies and investors developing in this area. The positive response we had to the seminar reinforces our conviction that this is a good way to work together with companies and other investors.

Greater understanding of the Ethical Council's work

In its first nine years in operation, the Ethical Council has developed approaches, principles and work processes that have now become role models in the industry. An indication of this is that the Ethical Council's Secretary General, John Howchin, was named the 15th most environmentally powerful person in Sweden by the magazine *MiljöAktuellt* in April.

We also encounter growing interest among actors who want to learn from us and apply our methods and approaches, adapted to their areas of operation. Consequently, I view the future with confidence in terms of the Ethical Council's advisory work with the First, Second, Third and Fourth AP Funds.

The Ethical Council also has the task of gaining understanding among external players of the considerations that must be made in the scope of the AP Funds' mandate to achieve the best possible return and growth of the pension assets for Sweden's pensioners. In order for us to become even better, we must naturally work harder and more effectively. It is also necessary that we continue to have stable rules and receive clear political signals from our principal, the Swedish Parliament. There is also a trend towards clearer and more stringent requirements in the areas in which the Ethical Council is active. Requirements that I am convinced we will live up to.



I want to thank everyone who has participated in interesting discussions with the Ethical Council, employees in the AP Funds, representatives of trade associations, colleagues at other asset managers – both in Sweden and abroad. At last I would like to wish Ulrika Danielson at the Second AP Fund the best of luck as she takes over as the Chair in the Ethical Council's tenth year in operation.

Stockholm, January 2016

OSSIAN EKDAHL
Ethical Council Chair 2015

INTEREST IN RESPONSIBLE INVESTMENTS CONTINUES TO GROW

Interest in responsible and sustainable investments continues to grow, which we in the Ethical Council and the AP Funds view as positive. Many believe, rightly, that the field is hot and that the financial market will therefore continue to be in focus even after the UN Paris Climate Change Summit.

For the AP Funds, sustainability issues have been a prioritised area for an extensive period of time. In the preparatory work for the Swedish National Pension Funds Act from 1999, it was noted that "Consideration shall be taken to the environment and ethics in investment activities without compromising the overall objective of high returns". In hindsight, the timing, insightfulness and simplicity of this intention were excellent. 1999 proved to be the start of several global sustainability projects with a focus on companies and investments.

"The expectations of us institutional investors will probably not diminish in the future, but I am personally somewhat optimistic."

In the 1990s, sustainability issues had increasingly come up on the agendas of the large companies and in 1999, the UN's Secretary General at the time Kofi Annan laid the foundation of the Global Compact at the World Economic Forum in Davos. It's ten principles have since become a standard to follow for the thousands of companies that have become signatories.

In 2003, the investors of the world began to rally behind the Carbon Disclosure Project (CDP) to set requirements on the world's largest listed companies to report on their emissions of greenhouse gases and other information related to how they handle the climate challenge. In 2015, more than 5,500 global companies reported climate data to CDP. This data is important since the AP Funds and several other institutional investors use them both for dialogue as well as to report carbon footprints in their own portfolios.

The UN PRI initiative (Principles for Responsible Investment) will celebrate its tenth year in 2016. They have gone from being an initiative backed by some 50 investors to now being backed by nearly 1,400 investors. Since beginning its activities in 2007, the Ethical Council has worked in the manner recommended by PRI. This way of working has now become very common in the world of investors.



Tough challenges

Much has happened with the institutional assets in the past 15 years. There is no doubt that the planet and the global system we have built are facing many tough challenges that can be linked to climate change, democracy issues, resource utilisation, human rights and other issues that can have a major financial impact on the companies. The list can be long. The work being done in the Ethical Council and the AP Funds is about managing many of these difficult issues and we do so by systematically influencing the companies in a positive direction.

So what does the future look like? Institutional investors also have other difficult challenges to handle, such as the low-interest environment, low global growth and large numbers of retirements. At the same time, there are many opportunities bubbling below the surface in the form of less expensive alternative energy solutions from the sun, wind and batteries, as well. Faster flows of information with digital solutions also give people the world over unforeseen opportunities for development. This in turn creates exciting new business models in these areas. The expectations of us institutional investors will probably not diminish in the future, but I am personally somewhat optimistic, not least because the possibilities make the future so exciting!

Stockholm, January 2016

JOHN HOWCHIN
Ethical Council's Secretary General

ETHICAL COUNCIL'S WORK PROCESS

The Ethical Council's work process contributes to reducing the risks and increasing the long term returns in the AP Funds' investments. The Ethical Council's work is based on the principle of commitment, action and change where the objective is to be long-term, responsible and committed owners. It is by being committed owners that the AP Funds can influence companies to conduct their business in a long-term sustainable manner.

Steps in the work process	Proactive dialogues	Reactive dialogues (In event of suspected violation of conventions)
1 → Screening of the AP Funds' company holdings	The Ethical Council has systematic monitoring of around 4,000 companies. The media, other investors, trade associations and UN bodies constitute some of the sources.	
2 → In-depth review	The Ethical Council conducts an inventory and overall analysis of companies, industries, problem areas and investor initiatives.	Around 100-300 companies are audited annually in further detail for suspected association to violations of international conventions. Audits are done by several actors: the Ethical Council itself, other investors and various service suppliers.
3 → Choice of companies and dialogue objectives	The Ethical Council chooses companies and potential proactive projects. The choice of focus areas does not entail taking a position on the areas in themselves being less important, but rather a deliberate strategy to apply the Ethical Council's resources where they are deemed to be of most use.	The Ethical Council conducts a direct dialogue with a number of companies where convention violations and problems are substantial and well documented. In addition, in cooperation with other investors and various service providers, the Ethical Council conducts dialogues with the other companies due to alleged violations of conventions.
4. → Dialogue effort	In-depth company analyses and possible comparisons are made regarding minimum requirements and best practices for the respective industry.	Further steps are taken to exert pressure, for example in cooperation with other investors by submitting shareholder proposals at AGMs and voting at AGMs.
5A → The objective of the dialogue has been achieved	The dialogue is concluded.	The dialogue is concluded. Special monitoring of the company is conducted for five years.
5B → The objective of the dialogue has not been achieved	The dialogue continues.	If the Ethical Council's dialogue has not produced the desired result after a maximum of four years, the Ethical Council recommends the AP Funds to divest holdings in the company. A divestment decision is made by each AP Fund individually. The Ethical Council annually checks if the situation has changed and if the company now conducts business in line with international conventions.

THE ETHICAL COUNCIL'S DEVELOPMENT OVER NINE YEARS

When the Ethical Council was formed by the four AP Funds (First, Second, Third and Fourth AP Funds) in 2007, its activities mainly comprised reactive company dialogues. Nine years later, the Ethical Council has developed to primarily focus on proactive dialogues and various industry initiatives.

For nine years, the Ethical Council has been a part of the AP Funds' sustainability work. The Ethical Council has also been a positive force with regard to lifting various sustainability issues and has developed approaches, principles and work processes that other investors have chosen to follow. The Ethical Council's way of working involves devoting commitment, time and resources to dialogues to exert pressure on the companies to improve instead of divesting the holdings. This has received attention in both Sweden and internationally.

In recent years, the Ethical Council arranged seminars regarding current sustainability issues. For example, the Ethical Council arranged a climate seminar in 2013 where politicians, trade associations and investors discussed the financing of the transition to a low-fossil society. In the past two years, the Ethical Council has arranged seminars to address issues concerning human rights. Read more about the most recent seminar on page 14.

Company dialogues constitute the foundation of the activities

The foundation of the Ethical Council's work is to use dialogue to influence the actions of companies and has gradually been expanded and improved. The Ethical Council annually conducts proactive and reactive company dialogues, some under its own direction and some with the help of service providers. These dialogues are conducted with companies around the world and often involve more than one area of sustainability.

The Ethical Council's working model is to conduct dialogues with companies to bring about improvements. Many dialogues can be concluded when the Ethical Council has achieved the targets set when the dialogue was initiated. Even if the Ethical Council has had success in the company dialogues in many cases, there are situations when a continued dialogue is not deemed to be meaningful. In these cases, the Ethical Council – as a last-resort effort – has recommended the AP Funds to divest their holdings in the companies. In the nine years the Ethical Council has been active, the Ethical Council recommended the AP Funds to divest a total of 19 companies. Four of the recommendations have, however, been withdrawn since the companies ceased the activities that were the reason of the Ethical Council's divestment recommendation.

Proactive initiatives and collaboration

Most of the initiatives that the Ethical Council participated in have been collaborative projects with other global investors that have similar views. The initiatives have concerned multiple sustainability issues, such as anti-corruption, human rights and environmental and climate issues. Many of the initiatives have been industry-specific, such as those in palm oil, the mining and the cocoa industries (see page 9), as well as in the pharmaceuticals, tobacco and textiles industries.



COMPANY DIALOGUES

PROACTIVE PROJECTS

KNOWLEDGE BUILDING

EXAMPLES OF INDUSTRIES THAT THE ETHICAL COUNCIL HAS INFLUENCED

Palm oil – a raw material with extensive sustainability challenges

Palm oil is an important raw material in many consumer products, at the same time that it is a raw material with major challenges in terms of environmental and social aspects. Together with other investors, the Ethical Council has had dialogues with a number of palm oil companies with the aim of both increasing investor knowledge of palm oil and creating a consensus among investors regarding the development of sustainable palm oil.



Positive changes in the mining industry

In 2011, the Ethical Council initiated a project with a focus on the mining industry. In the past five-year period, the dialogues conducted in the project have contributed to distinct improvements in all areas discussed, such as health and safety, water consumption, human rights and specifically the rights of indigenous populations.

Combating child labour in the cocoa industry

Cocoa beans are most often cultivated in small-scale agriculture by millions of farmers. The raw material then passes through a complex supply chain, where it is virtually impossible to obtain a good insight into what takes place. The cocoa industry has also been criticised for connections to child labour in the supply chain. For several years, the Ethical Council has supported a project that aims to ensure that child labour does not occur at cocoa plantations.



SOME OF THE ETHICAL COUNCIL'S COMPANY DIALOGUES

The Ethical Council's point of departure is that the AP Funds should not have investments in companies that systematically violate the international conventions that Sweden has signed. If problems are discovered, the Ethical Council gets involved to bring about improvements. The AP Funds' ownership is a good platform for influence.

Larsen & Toubro recommended for exclusion

The Ethical Council has conducted a dialogue with **Larsen & Toubro** to obtain information on the company's involvement in the development of the atomic submarine, the Advanced Technology Vessel, which is said to have capacity to carry specific missiles capable of delivering nuclear warheads. In accordance with the position the Ethical Council has taken regarding the Non-Proliferation Treaty (NPT), this is a violation since India is not a nuclear power under the treaty. In the dialogue, Larsen & Toubro has referred to the atomic submarine project being classified, but does not believe itself to be involved in the development of nuclear weapons.

However, the Ethical Council's position is that companies that deliberately develop customised components of platforms used for nuclear weapons or cluster bombs, for instance, can also be linked to a violation of the respective convention or treaty. This means that Larsen & Toubro can be linked to a violation of the Non-Proliferation Treaty.

The Ethical Council has therefore recommended the AP Funds to exclude Larsen & Toubro. All AP Funds have followed the recommendation.

Tailings pond accident in Minas Gerais in Brazil

In November 2015, a serious accident occurred at the iron ore mine of the company Samarco in Mariana, Brazil. The upper pond of two tailings ponds broke, which caused the lower pond to also collapse. Sixty million cubic metres of mining slurry destroyed several residential buildings and polluted the Doce river, which feeds out into the Atlantic. The river area was severely impacted and 19 people lost

their lives. Samarco is co-owned by the mining companies **Vale** and **BHP Billiton**.

Comprehensive investigations are being conducted by the authorities to establish if it was negligence on the part of Samarco that caused the accident. Since the accident occurred, the three companies have taken steps, such as inspecting other tailings ponds and helping the residents of the region. In March 2016 the companies reached an agreement with Brazilian authorities stating that the companies will set aside 2 USD billion as compensation for the damages. Unless other facts come forth, the Ethical Council views this as an accident and is monitoring the continued development.

Zijin Mining

The Chinese mining company **Zijin Mining** was included in the Ethical Council's focus project in the mining industry that was conducted a few years ago. The Ethical Council never succeeded in bringing about a dialogue with the company, which has had problems with serious incidents in its operations. In 2015, the company entered a strategic partnership with the company **Barrick Gold** and bought half of the company that operates the Porgera gold mine in Papua New Guinea.

In 2015, the Ethical Council recommended the AP Funds to exclude Barrick Gold since the company has not adopted any policy regarding emissions of mine waste into rivers, which is the method used in Porgera. To avoid a recommendation of exclusion, the company Zijin Mining must adopt a policy where it commits to not use the method in future projects.



A proactive dialogue that the Ethical Council conducted with a company during the year or a dialogue regarding an incident that the company adequately clarified and/or addressed during the year. Total of 83 companies at the end of 2015.



A dialogue that the Ethical Council conducted during the year due to an incident that occurred or where the company is a part of a proactive project and where the Ethical Council believes the company has steps yet to take. The dialogue with this company will consequently continue. Total of 73 companies at the end of 2015.



A dialogue with a company where violations of a convention are verified. This company dialogue is limited in time and should last a maximum of four years. If the dialogue has not led to an improvement after this time, the Ethical Council recommends the respective AP Fund to divest its holdings in the company. Three companies were red at the end of 2015.



Companies that the Ethical Council has recommended the AP Funds to divest. The Ethical Council annually assesses if the violation of international conventions that was the cause of the divestment remains. At the end of 2015, the Ethical Council recommended the AP Funds to exclude 15 companies. All recommendations have been followed by the AP Funds.

The background image is a blue-tinted photograph of a modern glass skyscraper. In the foreground, the silhouettes of several people are walking on a high-rise walkway or balcony, their figures reflected on the glass railing. The overall scene conveys a sense of corporate activity and modern architecture.

Company dialogues

Dialogues with the companies are the Ethical Council's most important tool to achieve change and get companies to act more responsibly. The Ethical Council supports the AP Funds, in exercising active corporate governance, by influencing companies to create action plans regarding documented violations and working proactively. A dialogue is usually concluded once the objective for the dialogue has been achieved.

The Ethical Council has a time limit of four years for reactive company dialogues that are conducted with companies where convention violations have been verified by external experts. If the Ethical Council's objective of the company dialogue has not been achieved within four years, the Ethical Council recommends the AP Funds to divest the company.

Extensive violations of human rights in the fishing industry in Thailand

In summer 2014, there was extensive reporting on difficult working conditions and forced labour in the Thai fishing industry, which is an important subcontractor of many global companies. The workers come from Myanmar (Burma) and Cambodia. Agents charge illegal fees to give them work, which binds them to the work on fishing vessels and in ports and shellfish farms in Thailand with little opportunity to earn the fees they have paid.

The food company **Nestlé** asked the organisation Verité to conduct an analysis of the company's subcontractors in Thailand's fishing industry. In November 2015, Verité reported on this and confirmed that there are extensive violations of human rights in the supplier chain. Nestlé is now working on a detailed action plan that they intend to present in 2016. The company plans to introduce new requirements on all potential suppliers in the area, to engage external auditors and to present annual reports. The Ethical Council believes that Nestlé acted as a role model by engaging Verité and will continue the dialogue with Nestlé to see how the companies implement their action plans.

The Thai company **Thai Union Frozen Products** has also been linked to violations in the supplier chain and has begun an action plan, the implementation of which will be monitored by the Ethical Council.

Posco and Daewoo

The Korean steel company **Posco** has in recent years been involved in multiple incidents, both in its own operations and in the operations of its subsidiary **Daewoo**, where the company is a majority owner. For several years, there have been extensive protests against Posco, which plans to fell large areas of forest to build a steel mill near Paradipi in the Indian state of Odisha. At present, the project is on ice and has not been given permits. In response to the criticism directed at the company's actions, Posco launched its revised code of conduct in June 2014 with a clearer focus on human rights. Posco has begun to implement the code, and the Ethical Council will continue to monitor this work.

Regarding Posco's subsidiary Daewoo, the Ethical Council previously reported on the company's work against child and forced labour in cotton plantations in Uzbekistan. Daewoo's subsidiary PT Bio Inti Agrindo has also been accused of planning palm oil plantations in a biologically unique rain forest area in Indonesia. Daewoo is planning to conduct a sustainability analysis of the project, and the Ethical Council is awaiting its results.

Mattel and toy manufacturing in China

Reports continue to come in regarding poor working conditions among Chinese toy manufacturers. The company **Mattel** has realised the need to further strengthen its procedures and reporting. They have, for instance, revised their global manufacturing principles. The Ethical Council is monitoring the development work to see that it has an impact in practice.

Cancer from work

Since 2007, some 30 current and former employees of **Samsung Electronics** have got leukaemia, and eleven have died as a result of the disease. As the underlying reason, the staff points out the company's manufacturing where carcinogenic factors exist, such as exposure to toxins and radiation. The company contests this view. In September 2015, Samsung established a compensation committee and began paying out compensation to its former employees to cover the treatment of the disease. In a meeting with the company in Seoul in December 2015, the Ethical Council brought up the issue.

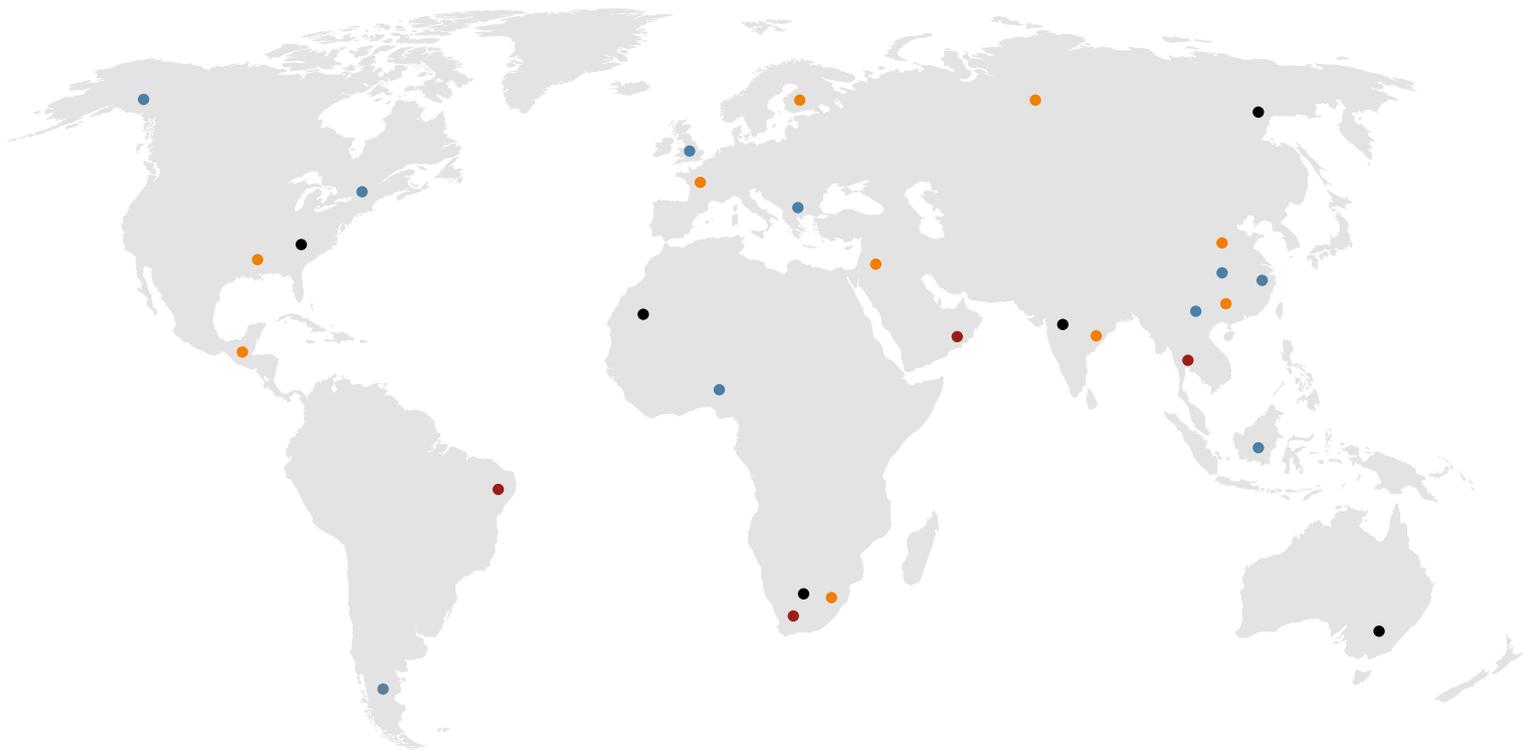
At the beginning of January 2016, Samsung announced that they had settled with the families affected and established an independent three-party committee with the aim of controlling the safety norms at its facilities.

Continued reports of poor working conditions in the supply chain

Uniqlo, a subsidiary of **Fast Retailing**, has on a few occasions been reported to use Chinese and Cambodian subcontractors at which there are substandard working conditions. The violations include a lack of personal safety equipment, exposure to very high temperatures and too much overtime. The company has increased the monitoring of its key suppliers. At a visit in Japan, the Ethical Council attempted to bring about a meeting, but the company was then in a "silent period" due to the annual report. The Ethical Council continues to monitor the company's work on the issues.

Health and safety

In 2015 **Siam Cement** focused on health and safety in production as it is one of the company's most serious challenges. Employees and managers have been trained, and compensation systems for employees have been given a clearer connection to key indicators for health and safety. The number of accidents has decreased, but from a high level. All suppliers have signed the code of conduct that the company adopted in 2013.



Continued work on human rights

The work on human rights at the company **MTN** continued in 2015. Twelve areas where it needs to be clarified how human rights will be integrated into the risk analysis has been identified. The drafting of guidelines, check lists and other aids has begun. For certain areas, they have been tested in actual situations.

Customised surveillance equipment reason for exclusion

At the beginning of 2015, the Ethical Council recommended the AP Funds to exclude **Motorola solutions** due to the company supplying customised surveillance equipment to settlements on the West Bank, which violate international humanitarian law.

The objective of the Ethical Council’s dialogue has been that the company will cease to supply surveillance systems

with associated services to settlements that are in occupied territory. Together with U.S. investors, the Ethical Council has tried, in part by submitting shareholder proposals to Motorola Solutions’ 2014 AGM, to both get the company to conduct a review of its policy regarding human rights and clarify the company’s position on the fourth Geneva Convention, among others.

In response to the shareholder proposal, Motorola Solutions has reviewed its policy, but the Ethical Council and the other investors wanted to see more extensive changes. The dialogue has been under way for four years and the Ethical Council has tried, with every mean, to bring about a change without succeeding. The Ethical Council therefore recommended the AP Funds to exclude Motorola Solutions, since the business can be linked to violations of the fourth Geneva Convention.

HOST FOR HUMAN RIGHTS SEMINAR

The Ethical Council of the AP Funds wants to contribute to greater knowledge of various sustainability issues and therefore initiated a seminar in November on the UN’s guiding principles for business and human rights, known as the Ruggie principles. The seminar served as a beginning for several of the companies to introduce internal efforts to review their own operations and create processes to prevent violations of the principles.

In November 2015, the Ethical Council of the AP Funds hosted a Nordic seminar on the UN’s guiding principles for business and human rights, known as the Ruggie principles. They have also been integrated into the OECD guidelines for multinational enterprises. The Ethical Council arranged the seminar together with some of the Nordic region’s largest institutional investors, ATP in Denmark, Folketrygd-fondet in Norway and Ilmarinen in Finland. The objective was to inspire Nordic companies to implement and report about the Ruggie principles. They mean that the companies shall have processes to be able to identify, manage and account for the impact their business has on human rights.

Another aim of the seminar was also to encourage a trusting dialogue between the 50 some Nordic companies and asset managers in attendance so that they could share experiences with each other.

The seminar was highly appreciated and for some of the companies, a first step in creating a better understanding for the responsibilities they have in the area. According to participating companies, the seminar was also of help to the beginning of the internal processes.

Besides Shift, an organisation for the implementation of the Ruggie principles, Tele2, Ericsson and H&M were invited to speak at the seminar. Together with Shift, the companies have conducted efforts to apply the principles in their operations.

UN Guiding Principles on Business and Human Rights

...is a framework that was developed by the UN Special Representative for Business and Human Rights, John Ruggie.

The framework consists of three principles intended to guide companies in their work on human rights.

The framework emphasizes

- the state’s responsibility to protect human rights (**Protect**)
- the companies’ responsibility to respect them (**Respect**)
- the joint responsibility to resolve problems (**Remedy**).

States still have the fundamental responsibility for safeguarding human rights, but John Ruggie’s principles have clarified how companies should act. Among other things, the companies should screen their operations for how they may affect human rights, which for investors can entail facilitating the analysis of the companies’ risk management and potential violations that arise.

For more information, please see:
www.business-humanrights.org



COCOA – COLLABORATION AGAINST CHILD LABOUR

For several years, the Ethical Council has participated in a project that aims to prevent child labour among cocoa farmers. Dialogues have been held with a number of cocoa purchasers, as well as with other representatives for the industry. The cocoa industry has been criticised for many years for its ties to child labour in the supply chain, above all for its purchases from West Africa, where 70 per cent of the world's cocoa beans are produced.

Complex issue

Cocoa beans are cultivated on a small scale by millions of farmers and then pass through a complex supply chain. Hundreds of thousands of children work at cocoa plantations; some of them doing risky work. It may involve heavy lifting or the risk of being exposed to pesticides. Work on plantations also prevents children from going to school.

At the end of 2014, the World Cocoa Foundation held a conference in Copenhagen at which representatives from the chocolate and cocoa industry, resellers, governments of cocoa producing countries, NGOs, the academic world and research institutes from more than 20 countries participated. They shared their knowledge about the recent development of sustainability in the cocoa sector and what improvements have occurred in the farmers' supply.

The conference in Copenhagen concluded with a round-table discussion between participants from the cocoa industry and investors, in which the Ethical Council participated. Various solutions to child labour and how the matter should be handled in continuation were discussed there. Child labour is not an issue isolated to the cocoa industry, but occurs in many impoverished agricultural societies where the children's labour is often seen as necessary in order for the families to be able to provide for themselves. The lack of financial opportunities in these communities has also resulted in young people choosing to move in to the cities.

Consequently, a challenge for the cocoa industry is not just to combat child labour, but to also make cocoa cultivation attractive to the next generation so that young people stay in the communities. This is important so that the industry will avoid a shortage of labour and raw materials. Today, the average age of cocoa growers in West Africa is well over 50.

Letters and meetings with cocoa companies

In 2015, the Ethical Council together with several other investors wrote letters to several of the world's largest cocoa companies. These letters have since been followed up with phone conferences with the companies. The objective of the activities has been to get companies to report results of the projects companies conduct among cocoa farmers in West Africa. They shall

also be able to show that their program for cocoa growers and other initiatives are effective. It is important to increase the incomes of cocoa growers, improve access to school for children and improve systems for discovering child labour.

Industry cooperating

Cocoa Action is an initiative that was begun in 2014 and is coordinated by the World Cocoa Foundation. The objective of Cocoa Action is to coordinate and adapt the sustainability work in the world's largest cocoa and chocolate companies, in part through greater cooperation between the industry and governments in countries where cocoa is grown. Cocoa Action is currently focusing on Ghana and the Ivory Coast, which together account for around 55 per cent of the world's current cocoa production. The initiative will later be expanded to other cocoa-producing countries.

Many cocoa companies are involved in Cocoa Action, including: Barry Callebaut, Cargill, The Hershey Company, Mondelez International, Nestlé and Olam.

Even if a great deal remains to be done, solutions are being discussed as to how companies involved with Cocoa Action will address the problems in the industry and put concrete measures in place in West Africa. This means that the Ethical Council cautiously views the development in the future in a positive light. In the Ethical Council's continued involvement in the cocoa industry, the development and the measures now discussed will be followed up.



PALM OIL – A RAW MATERIAL WITH MAJOR SUSTAINABILITY CHALLENGES

Palm oil is the most used vegetable oil in the world and is an important raw material in various consumer products, such as cosmetics, soap, washing detergent, biodiesel and several different foods.

Palm oil is also an important raw material for several companies in which the AP Funds have holdings. For the countries where the palm oil is produced, it is an important industry for the population to be able to get higher incomes and better living standards. Palm oil plantations are largely operated by small-scale agriculture and family companies. For example, in Indonesia, they account for around 40 per cent of the country's palm oil production. A traditional way to increase production of palm oil fruit is to increase the area of the plantation by burning off forest. Bringing about changes in production methods and achieving traceability are two major challenges for the industry. At the same time, palm oil is a raw material with major challenges in terms of the environment and social aspects.

Investor cooperation for sustainable production

For a few years, the Ethical Council has participated in a cooperation between international investors. This is coordinated through the UN Principles for Responsible Investments (PRI), and works for greater sustainability in palm oil production. However, sustainable production presupposes greater efficiency on existing plantations and sale of, demand for and a payment willingness for certified

sustainable palm oil. Training of local populations, greater traceability and follow-up are other important factors to be able to create sustainable production, which is a prerequisite for preserving a high level of biodiversity and valuable rain forest.

Large greenhouse gas emissions

The production of palm oil is accompanied by major challenges. In 2015, large, severe forest fires raged in Indonesia, above all, and were often started in the slash-and-burn of forest — with the aim of creating new arable land for palm oil plantations — or to burn down older palm oil trees, which are less productive. The forest fires were extensive and lasted several months. Surrounding countries were also severely impacted by smoke from the fires. The daily emissions of carbon dioxide were estimated to exceed the daily emissions for the entire USA. The efforts to try to get control of the fires were extensive.

In 2015

In 2015, PRI's working group with global investors held dialogues with companies and a number of separate meetings in the working group. The investors' dialogues with



The oil palm bears fruit year-round and is a very attractive plant to grow for both small-scale agriculture and large companies.

The production of palm oil is accompanied by major challenges.

companies focus on the companies' efforts to implement and follow up their policies regarding slash-and-burn and growing on peatland as well as the processes to prevent violations of the local populations' rights.

The investor group also works for greater traceability of where the palm oil was produced and greater transparency in the reporting. Importance is also placed on how the companies handle special problems and potential incidents in the business. Long-term challenges discussed in the dialogues with the companies are how they work to teach more cautious and more effective cultivation methods of the land for the local population. This is a part of trying to reduce deforestation and the use of fire in forestry and agriculture.

The problems of the relatively low demand for certified palm oil and the challenges of the often weak legal and social structures in the countries where the palm oil is produced are also discussed in the working group. Also on the agenda is the companies' work to develop methods to map and categorise the land's preservation value so that the work can be made more systematic and more reliable.



PREVENTING CORRUPTION – A LONG-TERM EFFORT

Well-functioning anti-corruption work is important for both investors and customers. Anti-corruption is one of the Ethical Council’s focus areas. This year’s dialogues have yielded good results and the work is continuing.

The long-term work of preventing corruption in companies in which the AP Funds have invested continues to be high on the agenda in the Ethical Council’s preventive projects. For five years, the Ethical Council has participated in various anti-corruption projects that have been coordinated through PRI. The most recent project in which 34 investors from around the world with investments of more than USD 2 700 billion participated was concluded in 2015. The project focused on some 30 global companies and can be considered to have been successful since several of the companies report clear improvements.

As in earlier projects, the starting point for the investors’ dialogues with the companies was an analysis done by Transparency International. In the analysis, 13 different indicators were used concerning the companies’ prevention work against corrupt behaviour in the business. The investor group chose to present another five indicators to capture the companies’ level of ambition and the corporate culture. Information as to whether the companies’ boards appointed somebody responsible for the anti-corruption work is an example of an indicator that was added.

Analysis- basis for the dialogues

Based on an evaluation of the individual company and what is considered to be the best way to work against corruption, an analysis was able to be done. The analysis has since served as a basis for the discussions with the company. Focus in the discussions has been on the deficiencies and improvement areas indicated by the analysis for the respective company.

Virtually every company responded to the investors’ questions either via meetings, phone conferences or in writing. It turned out that several of the companies conducted anti-corruption efforts although without reporting them at all or only in a limited way. In these cases, the companies were able to straighten out some of the questions the investors had with a few simple adjustments and clarifications.

Transparency International’s 13 indicators

- Public commitment to comply with laws
- Code of conduct for all employees and board members
- Code of conduct for suppliers
- Code of conduct applicable to agents
- Declaration of zero-tolerance to corruption
- Employees’ possibilities to make confidential reports
- Prohibition on reprisals upon reporting
- Requirements of rules for gifts, hospitality, travel
- Training programme in place
- Support for senior executives
- Regular review of the anti-corruption work
- Reporting of political contributions
- Prohibition on “facilitation payments”

The Ethical Council had the main responsibility for the dialogues with four Asian companies, where the challenges in the area of corruption are considerable. With three of the companies, the Ethical Council brought about a dialogue and during the year, was able to confirm clear improvements in two of them. Anti-corruption work is a challenge and the Ethical Council views the establishment of these discussions positively. The Ethical Council’s engagement in the work against corruption will continue in various ways to get the companies to strengthen their anti-corruption work.



WHAT TAX SHOULD COMPANIES PAY?

Companies' tax planning is an issue that engages both the Ethical Council and the AP Funds. The risks that can be associated with "aggressive tax planning" makes the area a core issue for investors.

Tax planning and companies' tax payments have been discussed extensively in recent years. The media has noted many cases where companies indeed follow the letter of the tax legislation, but might not the spirit of the law, using "aggressive tax planning". Regulations have changed and discussions on making them even more stringent are under way. For example, the OECD guidelines for multinational enterprises have established that it is the responsibility of the boards to "adopt tax risk management strategies to ensure that the financial, regulatory and reputational risks associated with taxation are fully identified and evaluated."

Politicians make the rules

How high taxes should be, how taxes should be charged and how they should be distributed between various tax subjects are political issues not to be decided by financial market players. How the tax payments should be distributed between different countries are issues for the parliaments and tax authorities for the respective countries. Investors, companies and individuals should comply with the tax legislation and its application. They thereby have the right to reduce the tax payments by working within the boundaries of the law, with tax planning.

Aggressive tax planning

When companies use aggressive tax planning, the risks increase that the company's and owners' credibility is negatively impacted. Aggressive tax planning also entails an increased financial risk, which can affect the value of the company negatively. These are the main reasons why the Ethical Council and the AP Funds get involved in the tax issue. Further risks of aggressive tax planning include:

- It can lead to tax legislation becoming more stringent so as to strongly reduce the company's future profits after tax.
- The company's reputation among customers and other stakeholders is negatively impacted if its tax behaviour enters the lime light.
- The risk that tax investigations and audits affect the company's tax expenses creates a financial uncertainty.
- There is also a risk that the relationships to local or national authorities are degraded, which can in turn entail delays in obtaining or losses of permits to conduct business.

Reducing the tax payments through transactions or other measures that lie outside the boundaries of the law, tax evasion or tax fraud is not permitted.

Board's responsibilities

The AP Funds presuppose that all companies comply with current laws and regulations, both in the tax area and other areas. The responsibility for this ultimately lies with the company's board of directors. Checking that this is done is not a matter for the owners or investors, but rather for national tax authorities, the company's auditors and justice authorities.

Greater transparency

The Ethical Council and the AP Funds' view is that greater openness and voluntarily reporting contributes to reducing the risks. Greater openness also makes it easier for the investors to analyse and assess the companies' tax risks. The companies' boards should decide on a tax policy that includes the principles that govern the handling of taxes.

OECD guidelines for large companies

www.oecd.org

OECD BEPS

www.oecd.org/ctp/beps-2015-final-reports.htm

PRI Engagement Guidance on Corporate Tax Responsibility

<http://www.unpri.org/publications/>

IN FOCUS: CLIMATE

The AP Funds and the Ethical Council have long worked to improve the companies' climate reporting. It is important that all stakeholders, such as politicians, the business community, investors and trade associations, cooperate. The task of investors is often to put pressure on the companies and create faster change than what the political system does. The most important task of politics is to ensure that there are clear global rules, both for investors and companies, to thereby facilitate sustainable investments.

COP21

The expected effects of climate change and assessments of how the Earth will be affected in the event of different temperature increases have been described in a large number of reports. An important conclusion is that the manner in which society handles the climate changes globally will have a major impact on returns and risks, and thereby also on future pensions.

It is particularly positive that the countries of the world, at the UN Paris Climate Change Summit (see box below), succeeded in agreeing on the ambitions to keep global warming well below two degrees until 2100. A great deal of work remains to be done, however, to ensure that this goal is achieved.

The AP Funds have integrated the climate issue into their investment processes in various ways (see their respective websites). The Ethical Council's work in the matter is about influencing companies to raise the ambitions, support and participate in international projects and influence decision makers to take greater consideration in the climate issue.

The Ethical Council works to raise the companies' climate ambitions

Through their involvement in CDP, the AP Funds and the Ethical Council have encouraged the AP Funds' portfolio companies for more than ten years to gather relevant climate data and report the strategic considerations the companies make in the matter.

In 2015, extra focus was placed on the large oil companies. The AP Funds, which at the time had holdings in the companies, were involved and submitted shareholder

proposals at both **BP's** and **Shell's** AGMs, in which the companies were asked to raise the ambition in the climate issue to the highest level, A (Aiming for A). The proposal means that the companies shall increase their reporting regarding emissions of greenhouse gases, the evaluation of project portfolios regarding relevant scenarios for the period after 2035, their plans on research and development for energy solutions with low carbon dioxide emissions and how they include sustainability in their indicators.

The boards in the companies recommended the shareholders to support the proposal, which received virtually unanimous support from the shareholders. The AP Funds therefore took the initiative further to **Statoil**, where the same results were achieved. Together with other investors, the Ethical Council has begun the follow-up work on how the companies will proceed in identifying and achieving the higher ambition in the climate issue. The Ethical Council is also working with other investors regarding the possibility of making the same kind of requirements for more companies.

Ethical Council and AP Funds were hosts when CDP published 2015 annual report

In connection with CDP publishing its Nordic report for 2015 at the beginning of November, the AP Funds hosted a well-visited event in Stockholm. The Ethical Council presented some of the commitments the Ethical Council and the AP Funds have in the climate issue. The Aiming for A Project received special attention. CDP presented the Nordic report and a number of companies received awards for their climate work and climate reporting.

COP21

Global warming below 2 degrees

The UN Paris Climate Change Summit in 2015 (COP21) was held between 30 November and 12 December 2015. A meeting is held annually between the parties in the UN Framework Convention on Climate Change (the Climate Convention), and the meeting in Paris was the 21st in the series. The participants reached a climate agreement in which all of the countries of the world pledge to contribute to a reduction of greenhouse gases with the aim of keeping global warming well below 2 degrees, and to strive to keep it below 1.5 degrees until 2100.



THE AP FUNDS ARE DRIVING THE STANDARDISATION OF CARBON FOOTPRINTS

Carbon footprints for an investment portfolio describe how much greenhouse gases the companies emit in relation to the investors' participating interest in the respective companies. In 2015, the AP Funds have actively worked to create a standard to increase investor transparency in this area and influence companies to increase their reporting.

The carbon footprint is a basis for assessing certain climate-related financial risks, such as what a price on carbon could mean to the value of the portfolio. Information on the companies' reporting on carbon can also serve as a basis for influencing the companies' climate efforts and driving the availability of data and its quality.

The work of developing a standard has taken place in cooperation with all of the AP Funds. The AP Funds have agreed to report their carbon footprints with three indicators (see fact box), the currently most common measurements. The AP Funds will also present what share of the respective AP Fund's assets the carbon footprint pertains to and what share is based on reported emissions figures and estimated carbon emissions.

How useful is the carbon footprint as a measure?

Carbon footprints provide important information, but there are many climate aspects that the measures do not capture. Carbon footprints in fact measure only part of an investment's total climate impact, since emissions from, for example, the supply chain are rarely included, data is missing or needs to be estimated, information on fossil reserves is not included and nor is information on how climate smart the companies' products/business strategies are. A carbon footprint does not provide any information on an investment portfolio's physical climate risks or further consequences of more stringent climate legislation. Nor does the carbon footprint say anything about the extent to

which the investment portfolio is positioned for a transition to a carbon-restrictive society.

As yet, there are no established measurement methods and indicators to provide a complete climate illustration of an investment portfolio. The Ethical Council is involved in driving the work under way to develop a standardisation of methods to measure and report the climate risks, climate opportunities and climate impact of investments.

All of the AP Funds, the First, Second, Third, Fourth, Sixth and Seventh AP Fund, report the following three indicators for a carbon footprint:

1. The absolute carbon footprint for the equity portfolio corresponding to the owned share of the companies' total emissions (tCO₂e).
2. Carbon intensity, where the absolute carbon footprint is related to the ownership share of the companies' market value (tCO₂e/SEK m).
3. Carbon intensity, where the absolute carbon footprint is related to the ownership share of the companies' sales (tCO₂e/SEK m).

More information on the respective Fund's carbon footprint is available in the AP Funds' annual reports.

COMPANY VISITS IN SOUTH KOREA

Global brands with major challenges

For the Ethical Council, dialogues are more than just e-mails and phone calls. To really get the pulse of the companies and follow up on their work, the Ethical Council visits a number of companies on site. Company visits and dialogues in physical meetings send a clear signal to the companies that the issues are important.

Site visits provide insight into the fact that the same issue can have different challenges in different markets. It makes it easier for the Ethical Council to understand what is reasonable to demand, what areas must be prioritised and what is crucial in order for the companies to be able to make improvements. The AP Funds have holdings in several large South Korean companies with globally strong brands. Corruption is a problem in several of the companies. Another prioritised problem area for the Ethical Council in terms of these companies is hazardous working environment.

“A CORPORATE CULTURE IN CHANGE”

In recent years, South Korea has been overshadowed by the dramatic growth in China. Several companies in South Korea have become large global brands at the same time their sustainability work has not always developed at the same pace.

“Companies take ever greater responsibility.”

Greater focus on human rights

The steel conglomerate **Posco**, with its subsidiary **Daewoo**, has had incidents relating to human rights violations, which the Ethical Council previously reported on. Among other things, Daewoo purchases cotton from Uzbekistan where both child labour and forced labour are reported. Since this came to light, the occurrence of child labour is said to have virtually vanished and forced labour has decreased.

Posco has had extensive problems in being able to build a new steel mill in India. For some time, it has been difficult to get a response from Posco, but by visiting the company on site, the Ethical Council had the opportunity to clarify the importance of the company resolving the existing problems. Also refer to page 12.

Inspections against corruption

South Korea has also had problems with corruption and there is a need to change the corporate culture in general. During



its visit, the Ethical Council received the impression that changes appear to be under way on the part of the company, as well as on the part of regulatory agencies. Among other steps, they have appointed prosecutors who conduct special audits of procurements in the defence industry.

South Korea has an extensive shipbuilding industry and **Hyundai Heavy Industries** is one of the world’s largest shipbuilding companies. Competition is tough with shrinking global demand for ships and extensive cost pressure from Chinese companies, since the shipbuilding industry is labour intensive. The company has had problems

with accidents in operations and also with recurring strikes in recent years.

Samsung Electronics has had some problems in production. For some time, the company has had a dispute with families of former employees who became ill with leukaemia. The employees has pointed to the company’s production process as the cause of the disease. In the autumn, the company established a fund for former employees so that they can get compensation if they have fallen ill. The company has also worked with follow-up systems and approaches for managing suppliers that do not meet the company’s requirements. Also refer to page 12.

Facts about South Korea¹

- 50.4 million residents
- GNP/Capita USD 27,970
- Life expectancy 81 years
- One of the world’s most densely populated countries
- Most important exports: electronics, oil products, metal products, cars

1. Source Country Guide, Swedish Institute of International Affairs

COMPANY VISITS IN MEXICO



Greater transparency on the agenda in one of the world's largest economies

Mexico is not only one of the world's largest economies, but is also the first Latin American member of the OECD. The country has more than 120 million residents and an average age below 30. Examples of factors that affect business in the country are the high crime rate, mainly the existence of drug cartels, and the introduction of sugar taxes with the aim of combating obesity.

Making company visits in Mexico is a part of the Ethical Council's emerging market project. The sustainability risks are often larger in emerging markets than in Europe and North America. The reporting from the companies is generally worse and the external monitoring conducted by various organisations is not as common. The companies have considerable potential to improve their sustainability work, which means that the Ethical Council has the opportunity to make a difference by meeting company management on site.

With extensive raw material production, high crime rates, a large share of the population that is overweight by WHO standards, companies active in Mexico face a number of different challenges. Sustainability risks related to the environment, social responsibility, human rights and corruption should therefore be a high priority.

In June 2015, the Ethical Council met ten different companies, of which six are in the AP Funds' portfolios, to get a better understanding of the conditions for business and for influencing the companies in a positive and sustainable direction.

“POTENTIAL TO IMPROVE SUSTAINABILITY”

“Sugar tax to improve health.”

Facts about Mexico¹

- 124 million residents
- GNP/Capita USD 10,361
- Life expectancy 77 years
- Average age 27 years
- Literacy is 94%
- More than 64% are overweight² according to the WHO
- High crime rate

1. Source Country Guide, Swedish Institute of International Affairs

2. Defined as a BMI greater than 25 for those over the age of 18. Source World Health Organization WHO

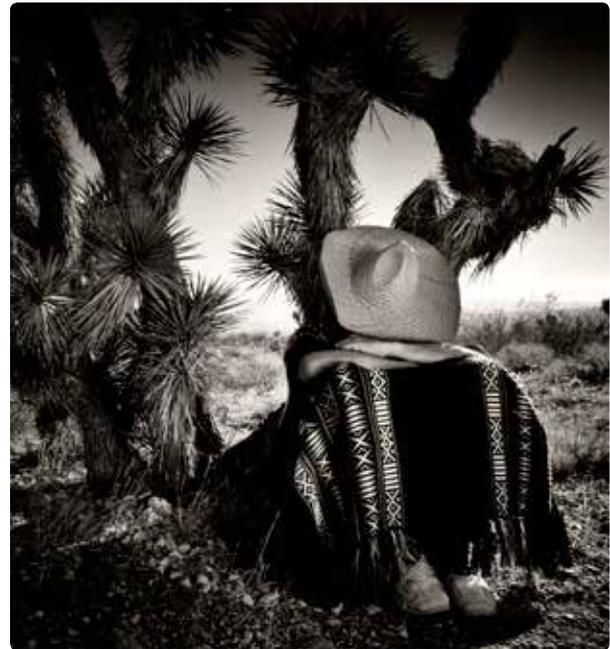
Crime an obstacle to transparency

With crime in the country as a part of daily life, most companies have neither logos on the façades of their offices or photos of the management on their websites or in their annual reports. In general, the companies' transparency with various kinds of information is relatively low, which is something the Ethical Council wants to improve.

One of the companies where greater transparency was high on the agenda at the Ethical Council's company visit was **América Móvil**, the world's fourth and Latin America's largest mobile phone operator. The greatest challenges for the Ethical Council is to be able to influence the company to become more transparent and demonstrate the business value of the company integrating sustainability into its operations. After an extended dialogue, the company has improved its sustainability work and increased its transparency. For example, the company will publish its carbon footprint in 2016.

Taxes on sugar put pressure on the companies

Mexico is one of the countries in the world that has the highest percentage of overweight residents, approximately 64 per cent, compared with Sweden's roughly 56 per cent. Mexico



recently introduced two different sugar taxes in an attempt to slow this development.

The AP Funds have holdings in **Grupo Bimbo**, the world's largest bread producer, which is now reviewing its entire product range to reduce the sugar for health reasons. The company has a good sustainability report and is at the forefront in terms of requirements in the use of palm oil. However, the company lacks an overall water risk analysis, which the Ethical Council has encouraged them to address.

Safer workplaces strived for In **Cemex**, the world's largest cement producer and one of the companies in the AP Funds' portfolios,

corruption and several workplace accidents have come to light. The company should expand its efforts to reduce fatal accidents and is proposed to introduce variable remuneration based on a lower number of health and safety incidents. In terms of corruption, the Ethical Council is continuing to encourage improved compliance work and greater transparency in the matter of corporate governance, for example.

The questions during the company visits concerned areas that are difficult to change in the short term. The Ethical Council is continuing with the dialogues and exerting influence to bring about changes in the long term.

MEMBERS OF THE ETHICAL COUNCIL

In 2015, the Ethical Council comprised two members from the respective AP Fund. The Chairmanship, which alternates between the AP Funds, was held in 2015 by Ossian Ekdahl, First Swedish National AP Fund, and in 2016 was assumed by Ulrika Danielson, Second Swedish National AP Fund.



FROM LEFT TO RIGHT: Christina Olivecrona, Lil Larås Lindgren, Arne Lööv, Peter Lundkvist, Ossian Ekdahl, Nadine Viel Lamare, John Howchin, Ulrika Danielson, Pia Axelsson

First Swedish National AP Fund

www.ap1.se

OSSIAN EKDAHL

Chair 2015

NADINE VIEL LAMARE

Second Swedish National AP Fund

www.ap2.se

ULRIKA DANIELSON

Chair 2016

CHRISTINA OLIVECRONA

Third Swedish National AP Fund

www.ap3.se

PETER LUNDKVIST

LIL LARÅS LINDGREN

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www.ap4.se

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Secretary General of the Ethical Council

ETHICAL COUNCIL COOPERATION

World Health Organization
www.who.int

OECD Guidelines
www.oecd.org

**International Corporate
Governance Network ICGN**
www.icgn.org

**Principles for Responsible
Investments PRI**
www.unpri.org

**Institutional Investors
Group on Climate Change
IIGCC**
www.iigcc.org

Global Compact
www.unglobalcompact.org

Shift
www.shiftproject.org

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A COLLABORATION BETWEEN
FIRST-FOURTH AP-FUNDS