

The First, Second, Third and Fourth AP Funds' common core values for managing funds

The AP Funds' operations are regulated by the National Pension Insurance Funds Act (2000:192), the AP Funds Act. On 1 January 2019, a number of changes to the AP Funds Act come into effect (Act on changes to the AP Funds Act (2000:192)) which mean, for example, that the First, Second, Third and Fourth AP Funds (the AP Funds) must manage their funds in an exemplary way through responsible investments and responsible ownership. When managing funds, special emphasis must be given to how sustainable development can be promoted without compromising on the overall objective (Chpt. 4 §1) regarding return and risk. The AP Funds shall work together to achieve the objective of exemplary management (Chpt. 4 §1a). As a minimum, the collaboration shall involve the AP Funds developing:

1. common core values for managing funds
2. common guidelines for reporting on how the objective has been achieved, and
3. common guidelines on which assets funds should not be invested in

This document provides an overall description of the AP Funds' approach to the requirement of exemplary fund management in the income pension system and of the AP Funds' common core values.

Exemplary management

The AP Funds manage funds in an exemplary way by:

- Pursuing responsible asset management with the aim of achieving a high return in the long term at the risk level chosen based on the pension system's needs.
- Placing great emphasis on how sustainable development can be promoted in fund management without compromising the return target.
- Integrating sustainability factors, such as environmental aspects, social aspects and corporate governance aspects as well as ethical aspects into the operations, both in the Funds' own organisations and in its asset management operations. Examples of goals and principles observed include the Global Compact, the UN's global goals for sustainable development, and the Swedish parliament's generational goal, which is the overarching goal for environmental policy and guides environmental work at all levels of society.
- Managing assets and otherwise acting to maintain public confidence in the AP Funds and their operations. This means that fund management must be efficient, results-oriented and characterised by openness, which also helps to maintain confidence in the income pension system as a whole.
- Striving for a facts and knowledge-based approach, based on scientific grounds.
- Being engaged, responsible owners, entering into dialogue with the companies, other owners and stakeholders, and participating in various national and international initiatives and situations that promote good corporate governance and sustainable development.
- Being guided by common core values, which are based on the Swedish state's ethical foundations.

Common core values

The First, Second, Third and Fourth AP Funds (the AP Funds) have been commissioned by the Swedish Parliament to manage assets to the greatest possible benefit of the income pension system. Assets must be managed in an exemplary way. The AP Funds have common core values, which provide guidance for the operations. The core values are based on the Swedish state's ethical foundations and its six basic principles, all of which have a degree of significance for the AP Funds' operations. The AP Funds have set out the meanings of these basic principles with the aim of clarifying the relevance of the ethical foundations to their operations.

- **Democracy:** The AP Funds' mandate serves the public good and is decided by Swedish Parliament with broad consensus. Therefore, it is important that the AP Funds' conduct helps to build and maintain confidence in the operations.
- **Legality:** The AP Funds' operations must be supported by Swedish legislation and also comply with the national laws and ordinances applicable in the countries where the AP Funds invest. The AP Funds shall take into account the international conventions ratified by Sweden and the international agreements backed by Sweden. The AP Funds must not have objectives related to trade policy or economic policy.
- **Objectivity:** The AP Funds shall handle conflicts of interest systematically and transparently. The AP Funds have a special responsibility to promote an anti-corruption culture. The AP Funds shall also strive to take a scientific approach to their operations.
- **Transparency:** The AP Funds' operations shall be characterised by openness and the funds must provide factual, transparent information to the public. Employees of the AP Funds are covered by the principle of freedom to supply information. Everyone is entitled to form their own well-informed opinion of the AP Funds' operations and conduct.
- **Respect:** The AP Funds treat everyone with respect. This means, for example, that the AP Funds shall not discriminate against anyone on the basis of gender, transgender identity or expression, ethnic origin, religion or other beliefs, disability, sexual orientation or age, with regard to employees, business relationships or the general public. The AP Funds' conduct shall be exemplary in contacts with the public, counterparties and employees.
- **Efficiency and good service:** The AP Funds shall run the operations in a cost-effective way with the aim of fulfilling their mandate in an exemplary manner. The mandate includes providing the public, media and others with services and information.