



**Code of
Conduct
for
The Sixth AP Fund**

Introduction

The Sixth AP Fund (AP6) is part of the Swedish pension system and it manages some of the buffer capital (AP1-4 and AP6).

There is a special mandate for the Sixth AP Fund (AP6) decided by the Riksdag (Act 2000:193). AP6 shall, within the scope of what is beneficial to insurance for income-based retirement pension, manage the funds it has been entrusted with by investing in the venture capital market, i.e. in unlisted companies. The investments must deliver a long-term high return with adequate risk diversification.

AP6 is a closed fund. This means that AP6 does not have any inflows or outflows of capital to the pension scheme. Accordingly, AP6 must manage both costs and new investments using the funds that it was originally allocated, along with the profits generated each year.

Besides complying with all applicable laws and regulations, AP6 must, as a Swedish, state-owned pension fund act in accordance with the country's values as regards democracy, human rights and sustainable development. These values are expressed in the Swedish constitution and in the various international conventions that have been ratified by Sweden. As a state-owned investor of pension fund assets, AP6 must also act in a way that instils public confidence in its ability to manage pension funds. AP6 shall be a role model when it comes to ethical behaviour, sustainability and responsible investments.

Responsible investments

Sustainable investments are a prerequisite for generating a long-term high return

AP6's basic outlook is that good business ethics along with environmental, social and economic sustainability are prerequisites for running a business successfully and generating a high return. As a Swedish, state-owned pension fund, AP6 has both a responsibility, and the prerequisites, for putting sustainability requirements on its investments. By systematically integrating sustainability aspects into AP6's investment activities, it is possible to generate returns for future pensioners in a responsible way.

AP6 applies a materiality perspective to sustainability, which means that the focus is on areas that are relevant to the particular situation. This is necessary because, as regards sustainability, each investment has unique challenges and opportunities depending on the industry and geographic location of its activities.

Human rights, labour rights, the environment and anti-corruption

AP6 is a signatory of the UN Principles for Responsible Investment, PRI. As such, it is obligated to comply with these principles. In brief, the UN Principles require that affiliated investors are active owners who work with sustainability in all areas of their operations and governance. Affiliated investors must also actively promote the UN Principles throughout the investment industry

such that the principles become useful tools, as they were designed to be. AP6 has also ratified the UN Global Compact, which is directed at companies. The UN Global Compact contains ten principles that cover human rights, labour rights, the environment and anti-corruption. The principles are based on the Universal Declaration of Human Rights (UDHR), the ILO Declaration on Fundamental Principles and Rights at Work, the Rio Declaration and the UN Convention against Corruption.

AP6 has accordingly committed to ensuring that the companies and funds it has invested in:

- Respect human rights and are not involved in any abuses of human rights
- Respect and maintain the freedom of association and right to collective bargaining
- Are not involved in forced labour or child labour
- Respect the principle of non-discrimination
- Minimize their use of resources and any negative impact on the environment
- Contribute to solutions on global environmental challenges
- Identify and take action on climate-related risks and opportunities
- Counteract all forms of corruption, including extortion and bribery

Sustainability testing

Before making an investment, AP6 tests sustainability as an integral part of its evaluation of the potential investment. The sustainability test must cover all relevant areas based on a materiality perspective. The sustainability test shall be part of the basis for the decision to invest. Respect for international standards on human rights, labour rights, the environment and anti-corruption are obvious requirements for all investments made by AP6.

AP6 has not established any industry or product-specific exclusion criteria for its investment activities. The reason for this is that in every industry, there are sustainability challenges that could be too significant for being able to make the investment. For this reason, a sustainability test is done on each specific investment.

Owner impact

AP6 makes both direct investments in companies (Direct investments) and indirect investments in companies (Fund investments). Direct investments provide direct ownership in a company, while fund investments provide ownership in a fund, which, in turn, invests in various companies. No matter the type of investment (direct or indirect), there must be models for placing requirements, monitoring and controls pertaining to sustainability, along with deviation reporting and corrective measures. AP6's ability to impact the decisions and behaviour of a holding depend on its ownership role and ownership share. The ability to impact should be in the form of guidance when developing models for placing requirements and monitoring.

It is important that AP's partners and the companies/funds that AP6 invests in, are aware of and understand AP6's views on responsible investments, which are explained in this Code of Conduct. The Code of Conduct shall be distributed to all of AP6's partners.

Equality and diversity

AP6 shall strive for an even gender distribution and promote diversity in its boards of directors and among the executive management teams of its investments and partners.

Responsible ownership as a state-owned pension fund manager

AP6 and its employees must never act in a way that risks damaging public confidence in the organisation.

Bribes, gifts and conflicts of interest

As a government agency, AP6 must comply with the Administrative Procedure Act, which defines rules and regulations on conflicts of interest. Furthermore, as a state-owned pension fund manager, AP6 falls under the remit of the Ministry of Finance, which has issued guidelines on what constitutes bribes and conflicts of interest. AP6's approach is to maintain a wide margin of safety to what is allowed. It does so because the risk of breaking a rule increases as you approach the limits of what is allowed. AP6 has adopted its own guidelines and these include a zero tolerance policy on gifts. When it comes to invitations to individual employees, the invitation should have a clear and relevant professional purpose. Whatever is offered in the form of meeting setting, location, food and drink should be reasonable.

Secondary occupations are regulated in the Act on Public Employment (LOA).

Transparency

AP6 manages pension funds and as such, it has special responsibilities as regards availability and transparency. Financial reporting and sustainability reporting must be in accordance with rules and relevant standards. The public and other stakeholders must also have easy access to such information.

Stakeholders

It is important for AP6 to engage in regular dialogue with its stakeholders, i.e. groups of individuals who impact, and are impacted by, AP6's activities. AP6 must regularly identify its most important stakeholders and ensure that it can maintain a regular dialogue with them in an appropriate way,. Dialogue with AP6's most important stakeholders must also serve as the foundation for identifying AP6's most important sustainability issues. That, in turn, provides the foundation for AP6's sustainability efforts and reporting to its stakeholders. Furthermore, stakeholder engagement is a way of spreading knowledge about AP6's activities and its way of working, along with getting feedback about this.

Equality and diversity

At AP6, there are equal terms for equal skills, experience and job descriptions. Diversity and gender equality is part of the recruitment specification, both in terms of fixed-term and permanent positions. A balanced gender distribution at all levels is a prerequisite for running an optimal organisation.

Suppliers

In procurement processes, sustainability is included in the evaluation.

Responsibility for compliance with the Code of Conduct

All employees at AP6 are responsible for complying with the Code of Conduct. AP6's management team is responsible for the overall implementation of the Code of Conduct. AP6's investment managers are responsible for clarifying the content and intent of the Code of Conduct for all of AP6's partners. Explicit or implicit approval of questionable actions that violate the Code of Conduct are not tolerated. AP6 will ensure that disciplinary action is taken against those who violate this Code of Conduct.

Disciplinary action could involve a warning, reporting the actions that violate the applicable laws and regulations to supervisory authorities, or, in extreme cases, termination of employment.

Deviations from and violations of the Code of Conduct

Deviations from the Code of Conduct may only be approved by AP6's Board of Directors. All of AP6's employees, holdings and partners are encouraged to report any suspected deviations or violations of the Code of Conduct to their nearest supervisor, or that person's manager. If an employee of AP6 feels that his or her accusation has not been taken seriously, or if the employee is not comfortable reporting the suspected deviation or violation to his or her manager, the employee should then follow AP6's whistleblower routine.

Annual review

The Code of Conduct is reviewed and adopted each year by the Board of Directors.