



2021

ANNUAL REPORT
SIXTH SWEDISH NATIONAL PENSION FUND

AP6

CONTENTS

This is AP6	4	Sustainability activities	34
Return	6	Fund Governance Statement	38
2021 in brief	7	Board of Directors	40
Managing Director's Statement	8	Management	41
Strategy	11	Remuneration Levels, etc.	43
Investing Activities		Directors' Report	44
- Investment Process	15	Income Statement	50
- Ownership Phase	23	Balance Sheet	51
- Exit	26	Notes	52
Target return	28	Audit Report	60
Risk Management	29	Appendix: Sustainability	62
Portfolio	30	Definitions and Glossary	68
AP6 as an Employer	32		

THIS IS AP6

Since its inception, AP6 has contributed nearly SEK 57 billion to Sweden's pension system. Since 1996, the fund capital has grown from SEK 10.4 billion to SEK 67.3 billion at year-end 2021.

Invests in unlisted assets

At inception, AP6 was entrusted with an amount of capital to invest in unlisted assets (private equity). The fund's role and operations are governed by the Sixth Swedish National Pension Fund Act (2000:193). Fund assets are to be invested such that the requirements for a long-term high return with adequate risk diversification are met.

Private equity investments differ quite significantly from investments in, and management of, listed shares. An unlisted company is not listed on a stock market where its shares can be traded. Private equity investments are illiquid assets. Unlike listed companies, a private company is typically owned by a much smaller number of owners (or perhaps even just one owner) who run and develop it. To trade an unlisted company owners need to reach a deal agreement directly with a buyer, alternatively list it on a public stock exchange.

Private Equity consists of large, privately-owned companies.

Long-term strategy – Long investment horizon

During the fall of 2020, AP6 evaluated its investment portfolio and strategic direction. Conclusions from the analysis verified AP6's portfolio structure lending support for continuing to pursue the same strategic direction, albeit with some minor adjustments. The investment portfolio at the beginning of 2020 is the result of a

comprehensive strategy shift that started back in 2012 and which was further refined in 2016 to include a combination of funds and co-investments. It wasn't until 2019 that the portfolio transformation was fully completed, which demonstrates just how long it takes to alter a strategy in private equity.

The investment strategy that AP6 pursues is very successful and it has generated high returns to the AP fund system. The change in the strategic direction, which started back in 2012, is what has enabled the strong returns that AP6 has generated for the pension system since its inception, SEK 57 billion, of which slightly more than SEK 48 billion is attributable to the revised strategy.

A very long investment horizon is needed for private equity investments in order to manage the illiquid nature of investments in privately owned companies. In fact, institutional investors oblige themselves to, throughout the fund's lifespan, inject capital during a pre-defined investment period. After that, they must wait for distributions until companies in the portfolio are divested. This is why an investment in a private equity fund is referred to as a fund commitment. It can take 8-10 years before a fund is fully divested and the investors have received all distributions on their invested capital. Co-investments are investments side by side with the majority owner, in one of the portfolio companies. Typically, the investment is structured in the same way as other private equity investments, where the main owner is responsible for running, developing and eventually selling the company.

Closed-end fund

The conditions for investing in unlisted assets are completely different from those for listed assets. For an investor in private equity, liquidity management is particularly important. An inability to meet one's obligations to the fund can be very costly and put the entire investment at risk. Accordingly, these types of investments are typically most suitable for large, long-term institutional investors. It is also why AP6 is a closed-end fund. Those who drafted the legislation governing the fund understood that it is not possible to be regularly extracting liquidity in the same way that occurs with the other AP funds. Investing in private equity thus requires a long-term horizon and stable conditions.

Integrated, long-term sustainability approach

Integrating sustainability into investments, the organization and leadership is an important starting point and prerequisite for generating a long-term high return on the pension fund assets that AP6 is entrusted with. There are several important factors for maintaining public confidence in AP6 as a state-owned pension fund manager. Among them are consideration of sustainability together with an active approach to minimizing negative impact and to provide a positive contribution. In 2012, AP6 became a signatory of the UN Principles for Responsible Investment (PRI) and shortly thereafter, a signatory of the UN Global Compact. The starting point of AP6's approach to



responsible investments and sustainability is the international frameworks and agreements, as expressed in the values of the Swedish State regarding human rights, democracy and sustainable development. The UN Sustainable Development Goals (SDGs) are generally accepted as the current global action plan to accelerate the transition to a sustainable society. The main way that AP6 can contribute to the SDGs is through its investments.

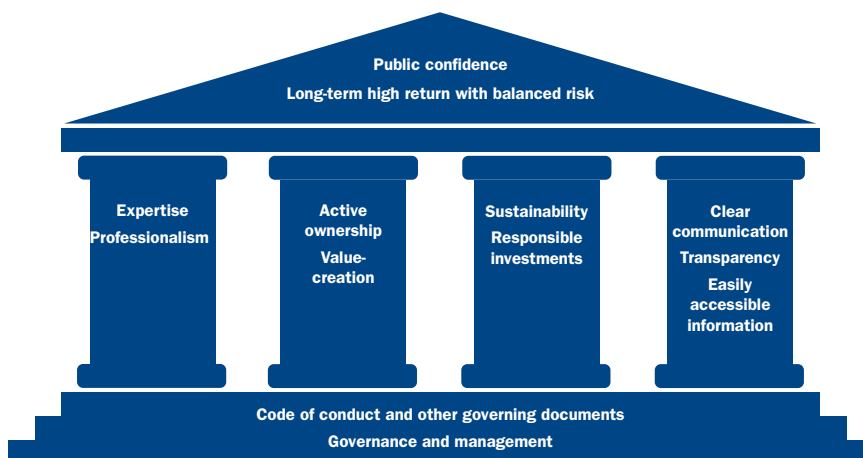
For many years, AP6 has had an active, long-term approach to responsible investments and has been integrating sustainability into all aspects of its operations. There are well defined processes for integrating

sustainability into the investment phase and ownership through communication of expectations and continuous assessment, monitoring and dialogue. In the role as an indirect investor in various types of businesses, operating in different sectors and geographic locations requires a broad approach to sustainability that covers human rights, labor rights, the environment and anti-corruption.

67.3
billion (SEK) managed
by AP6

22.2
billion (SEK)
– profit/loss for the year

49.1
percent – net
return 2021

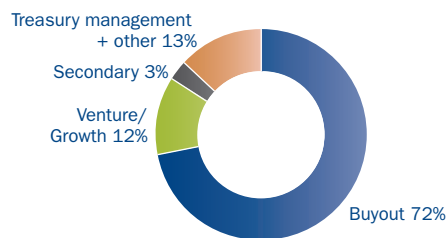


AP6's model for meeting legislative and stakeholder requirements

In order to meet the requirements and expectations on AP6 from its various stakeholders, AP6 uses a model that is based on its Code of Conduct and Investment Strategy. Four pillars stem from that foundation, which are the specific competencies and values required. The foundation and pillars create the conditions for AP6 being able to deliver a long-term high return and maintain public confidence.

RETURN

Sixth AP Fund manages 67.3 billion (SEK)



There are around 1,000 companies in AP6's portfolio, of which around 60 are co-investments.

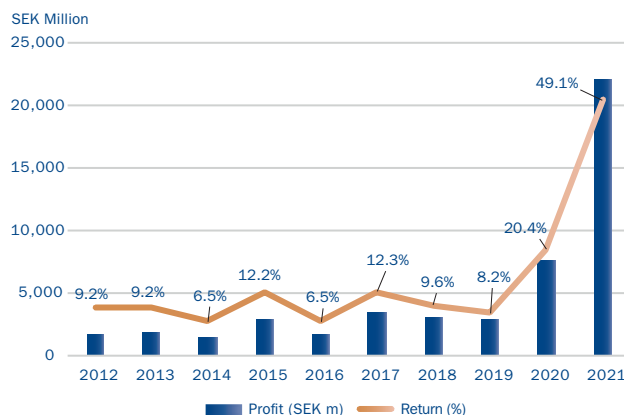
49.1%

Net return for the year after costs

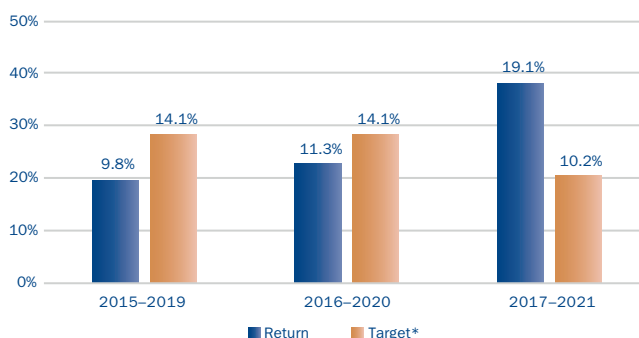
19.1%

Average net return over the last 5 years

Return after costs 2012-2021



Net return, 5-years rolling, compared to target return



* The previous listed benchmark (SIX Nordic 200 Cap GI plus a risk premium of 2.5%) for the period 2015-2019 and 2016-2020. Replaced by Burgiss data (see the Directors' Report for more information). AP6's performance is evaluated for 5-year rolling periods.

Return over 10 and 5 years and in 2021

Years	2012-2021	2017-2021*	2021
Buyout	16.5%	22.1%	43.9%
Venture/growth	17.0%	40.9%	110.6%
Secondary	N/A	18.1%	49.7%
Target return*	12.1%	10.2%	14.6%

* Target return is the new unlisted benchmark.

Profit/loss breakdown by segment, 2017-2021

SEK Million	2017	2018	2019	2020	2021	Average return, %
Buyout (mature companies)	2,586	1,834	1,664	6,974	16,600	22.1
Venture/growth	712	1,446	670	748	4,293	40.9
Secondary	151	157	191	-139	1,018	18.1
Treasury management, risk management and internal costs	21	-395	333	66	264	—
Profit/Loss	3,470	3,042	2,858	7,649	22,175	19.1

2021 IN BRIEF

In 2021, AP6 delivered its highest profit ever exceeding the long- and short term target return. The high return is a result of a successful execution of the investment strategy. New legislation has been proposed for AP6 that will specifically address sustainability.

2021 returns

Both net profit and the return for 2021 were record-high, with a net profit of SEK 22 billion and a return of just over 49%. A long-term, consistent strategy has been a pre-requisite for the strong result. All parts of the portfolio contributed to the year's strong results.

Investments

The number of transactions was high during the year. For buyout, more than 10 fund commitments were made and around 20 co-investments. For venture, growth and secondary, there were about 10 fund commitments. Approximately half of the fund commitments during the year were with new partners, thereby broadening the portfolio further. The scope of partners broadened for co-investments as well.

During the year, commitments were made to funds (buyout, venture, growth and secondary) amounting to SEK 11 billion. The portion of commitments that were withdrawn to be invested amounted to nearly SEK 9 billion. Distributions (from investments in funds that were exited) were at almost the same level, nearly SEK 8 billion. For co-investments, where payments are made in conjunction with the transaction, amounted to just over SEK 4 billion. Distributions from exited co-investments amounted to slightly more than SEK 7 billion for the year.

Reinforced organization

The organization was reinforced with new talent within sustainability, HR, risk management, portfolio strategy and analysis during the year.

New target return

As of 2021, AP6 has a new target return that is linked to unlisted investments. It consists of a wide Burgiss benchmark based on 5-year data (no limitations on type of investment or geography), weighted with a cash allocation target of 10% due to the fact that AP6 is a closed-end fund.

New sustainability target

In 2021, the Swedish National Audit Office (NAO) published its report on sustainability within the AP funds. The NAO suggested that the Swedish Parliament supplement the AP6 legislation such that it addresses sustainability, as a means of further supporting current efforts. New legislation has been proposed and if the bill is passed, it will enter into force in July 2022. For nearly a decade already, sustainability has been an integral part of AP6's investment activities. Therefore AP6 both welcomes and supports the recognition of sustainability in the fund's legislation.

A UNIQUE YEAR

In 2021, AP6 delivered its strongest performance ever, with a record-high net profit and return.

A carefully designed, long-term strategy, in combination with strong selection skills, reaches full potential when the portfolio benefits from a very strong market with high liquidity.

After a long period with a global economy in standby, 2021 turned to be the catch-up year, resulting in a very high transaction activity in the second half of the year. Our long-term strategy of high-quality fund investments in combination with co-investments, delivered an extremely strong performance, summing up to a net profit of SEK 22.2 billion for 2021. It corresponds to a net return of 49.1% (20.4%). The fund capital increased to SEK 67.3 (45.2) billion and the average net return over the last five years increased to 19.1%.

After a long winter, with recurring pandemic waves and remote working, 2021 gradually grew into the restart of the economy the market expected.

Thanks to a global expansionary monetary policy there was a good liquidity situation in the world economy but the real economy needed a restart after the global synchronised shutdowns that put the global economy in stand-by.

The need to make up for lost activity was comprehensive, which is why the transaction market really took off during the latter half of the year.

The number of company transactions was very high throughout the year, particularly during the last 6 months. Our co-investment portfolio delivered several strong

exits and new investments during the year. The high level of activity was also visible in the fund portfolio with high distributions as well as high drawdowns of committed capital. The now established fund portfolio has reached a balanced level of cash flow between distributions and drawdowns.

Net profit of SEK 22.2 billion on a fund of our size is unique. Our largest sub-portfolio, buyout, contributed more than SEK 16.6 billion to that result, which is attributable to strong co-investments and fund performance. Return in the sub-buyout portfolio was 44%, bringing the 5-year average to 22.1%. All parts of our well-diversified investment portfolio contributed to the high net profit for the year, although the return of the venture portfolio at 110.6% (5-year average of 40.9%) really stands out.

Capital employed in our portfolio has generated an average return of 24.2% over the last 5 years. The average total return, which includes the liquidity portfolio, is 19.1% over the last 5 years. Our new unlisted 5-year target return for 2021 was 10.2%, which is why we are particularly pleased with the 5-year return that we are reporting. Our ability to deliver this strong performance is based on three things:

Firstly, a carefully designed and long-term strategy which is now fully

implemented and delivering according to the strategy (meaning that it has left the investment phase, the so-called J-curve).

Secondly, the portfolio benefits from a very strong market with high liquidity which boosts both the transaction rate as well as valuations.

The third reason is the genuine competence of selecting the right funds and co-investments that we have in the organisation which creates the prosperous portfolio.

What the earnings and investment portfolio also demonstrates, is that it takes a very long time to transform a portfolio in private equity. Our transformation started already back in 2012. Successfully investing in unlisted assets requires long-term, stable conditions in combination with a very long-term strategy. The long investment horizon is illustrated by a holding period of 7-10 years for a single fund commitment and 3-5 years for a single co-investment. Compare that to an investment in listed shares, which technically can be bought and sold on the same day.

During fall 2020, the long-term strategic direction for AP6 was further clarified. One important part of the strategy is the combination of high-quality fund commitments and co-investments, where sustainability is fully integrated into the entire investment process and ownership phase.

To generate more co-investments within our fund portfolio is of importance and we are now seeing the results of our efforts in this area. A major advantage is that we have both fund and co-investment expertise within our investment organization. With our expertise within fund legislation and cash flow modulations within private equity, we have the competencies we need in-house.

The long-term investment horizon implies that we also try to assess what is sustainable in 3 to 5 years. Sustainability thus lies at the core of everything we do. We are conducting a reputable work with sustainability in our sector since many years. The sustainability approach must be adapted to the unique characteristics of the asset class. Our focus is to evaluate fund managers and thereafter impact and support their sustainability efforts since our underlying portfolio consists of roughly 900 indirect investments. Private equity's business model is based on corporate governance why there ought to be significant opportunities for pursuing sustainability in this sector. We continue to support the 10 principles of the UN Global Compact.

A year like 2021 is unique, both in terms of the market and for AP6 in particular. I am extremely proud of the expertise that exists within our organization and the dedicated work that is conducted. The performance that we were able to deliver in 2021 is not only a result of our carefully formulated strategy, but also the talent of our investment team, which is passionate about finding interesting investments every single day of the year despite a pandemic or remote work. We have pursued the same level of intense activity as in a "normal"



“One important characteristic of the strategy is the combination of high-quality fund commitments and co-investments, where sustainability has been fully integrated throughout the entire investment process and ownership phase.”

year. We have just had to go about it a bit differently.

It is difficult to close this year without a humble looking out. In the real economy it showed to be considerably more difficult to start up than to instantaneously close down.

In a world where specialization of the production market has created global supply chains, the vulnerability of logistics models became evident when bottlenecks in freight logistics resulted in widespread

material shortages. After more than three decades of low-inflation policy fueled by outsourced production to low-cost countries, the rate of inflation suddenly became a risk factor needed to be brought into the calculation. Valuation levels may in general be considered challenging but this goes for all assets such as also listed equities, fixed income and real estate. In a very liquid capital market due to monetary policies, it is more relevant to look at relative valuations. Predicting the direction that 2022 might take is more difficult than ever given the inflation conditions and central banks moving from QE (quantitative easing) to QT (quantitative tightening). But when the financial market starts labeling certain types of activity, you can be pretty sure about what is to come. Add to that the geopolitical situation that has arisen. Our focus is on assessing expertise that can generate returns regardless of the market sentiment and identify underlying value-drivers. The right investments will over time create value regardless of the state of the market. Our focus, no matter what happens, is to continue long-term investing within our long-term strategy, identifying skilled managers and attractive co-investments. In this annual report we describe how we are conducting the work at AP6. I encourage you to read it.

Gothenburg, February 2022

Katarina Staaf
Managing Director,
Sixth Swedish National Pension Fund



AP6'S STRATEGY

IN 2020, THE AP6 BOARD OF DIRECTORS ADOPTED A NEW, LONG-TERM STRATEGIC DIRECTION ALLOCATING TOWARDS BUYOUT, VENTURE, GROWTH AND SECONDARY OVER THE NEXT TEN YEARS (UNTIL 2030). FOR BUYOUT, THE ALLOCATION IS A COMBINATION OF FUND COMMITMENTS AND CO-INVESTMENTS.

THE LONG-TERM STRATEGIC DIRECTION THAT WAS ADOPTED IN 2020 IS NOT A CHANGE OF COURSE FROM THE STRATEGY INITIATED IN 2012. IT SIMPLY CLARIFIES HOW THE COMBINATION OF THE DIFFERENT SEGMENTS OF THE ENTIRE AP6 PORTFOLIO GENERATE LONG-TERM RETURNS WITH BALANCED RISK, WHICH IS AP6'S ASSIGNMENT.

AP6'S STRATEGY

Investing in private equity requires a very long investment horizon and long-term strategy. It has to do with the illiquid nature of this asset class, along with the purpose of the investments. It takes time to redirect or develop a company.

During fall 2020, AP6 evaluated the investment portfolio and its strategic direction. An external consultant was engaged to evaluate the existing investment portfolio. The external analysis confirmed that the composition of AP6's portfolio is very strong and to continue pursuing the current investment direction, albeit with some minor adjustments. The investment portfolio that existed at the beginning of 2020 was the result of a comprehensive portfolio transformation that started back in 2012 and which was later, in 2016, further refined towards the combination of funds and co-investments. It was not until 2019 that the portfolio transformation was fully implemented, which illustrates just how long it takes to alter a strategy in private equity.

Additionally to the strategic review described above, a comprehensive sustainability agenda has also been developed at AP6. Sustainability is particularly important, given the long investment horizon and illiquid nature of private equity since opportunities for exiting investments that are not sustainable are limited.

With such long-term holdings, it is important to try to assess what is sustainable several years into the future. Sustainability assessments are not only important prior to making a fund commitment or co-investment, but also during the ownership phase, when there are significant opportunities for pursuing sustainability in a sector where the business model is corporate governance. AP6's selective universe of



“These types of investments are typically most suitable for large, long-term institutional investors. It is also why AP6 is a closed-end fund. Those who drafted the legislation governing the fund understood that it is not possible to be extracting liquidity in the same way that occurs with the other AP funds.”

fund relations facilitates the governance of priority issues and thereby also indirectly impact the roughly 900 underlying portfolio companies. Sustainability is thus a given, core element of the strategy and

a prerequisite for generating long-term value. Sustainability is pursued in all areas, with special focus on diversity, climate and human rights.

Based on the strategic review in 2020, the AP6 Board of Directors adopted a 10-year strategic direction towards 2030 where allocation is even more clearly towards buyout, venture/growth and secondaries. Within buyout, the allocation is a combination of fund commitments and co-investments. As described initially, the adopted strategic direction in 2020 is not a change in course but rather clarifies how the combination of different segments in the AP6 portfolio generate a long-term return with balanced risk, which is AP6's mission.

The investment strategy that AP6 is pursuing is very successful and it has generated high returns to the AP fund system. The strategy change in 2012 is the foundation for the return of SEK 57 billion that AP6 has generated to the pension

system since inception, of which just over SEK 48 billion is attributed to the change in strategy.

One important component of the current strategy is finding the best management teams in each segment and then continuing to invest with them for as long as AP6 is satisfied with the collaboration based on the returns it has generated, strategic direction, sustainability, shared values and opportunities for making co-investments. AP6 considers fund investments as very long-term relations with potential to last for many years. Funds that are interesting to AP6 are usually significantly oversubscribed and it takes a long time to establish a relationship with a new team. The portfolio is developed gradually over time and sometimes it is necessary to terminate a collaboration and bring a new fund relation which is considered to have a higher risk-adjusted return potential and to be a better fit in the portfolio. In an established portfolio like AP6's, most new fund investments are with the existing fund management teams. Without that long-term approach, AP6 would risk losing



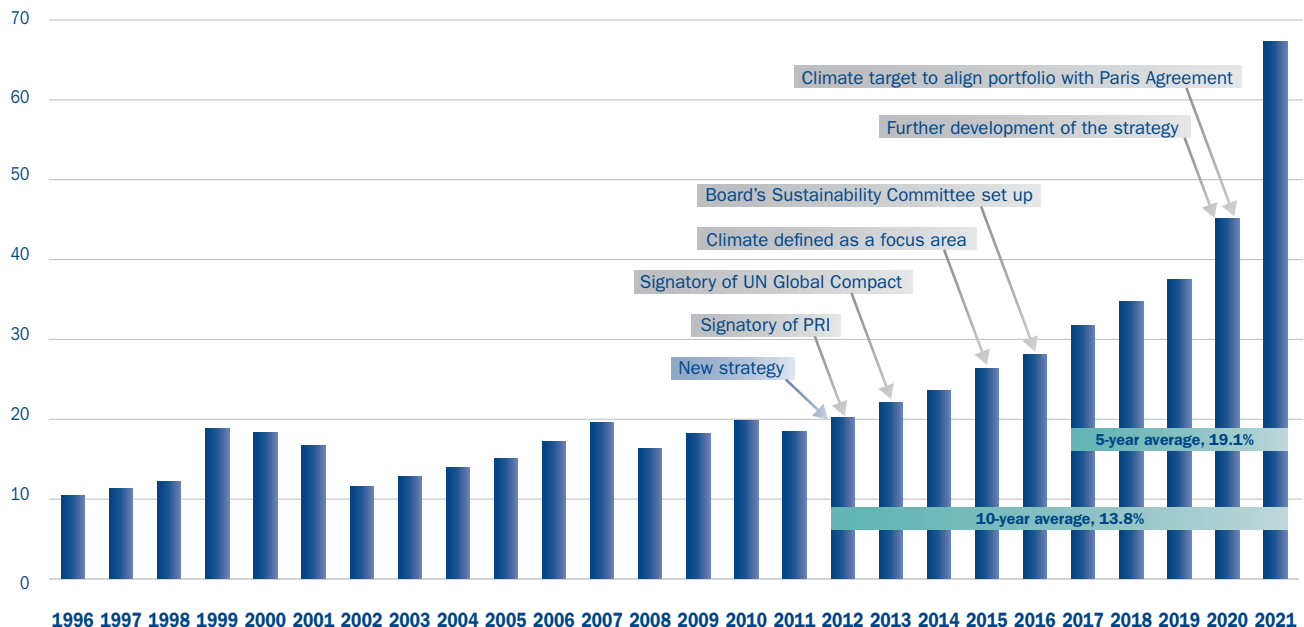
access to the managers who have been selected for investing. In recent years, AP6 has worked intensively with finding co-investments together with more of the teams in the fund portfolio and these efforts have paid off. Working with a combination of fund investments and co-investments in

the buyout portfolio is a key part of the strategy.

AP6's investment strategy is robust and it generates a very high return for Sweden's future pensioners.

Fund capital's performance since the inception

Total managed assets have grown from SEK 10.4 billion to SEK 67.3 billion



What are unlisted assets/ private equity?

Investments in unlisted assets differ quite significantly from investments in, and management of, listed shares. An unlisted company is not listed on a stock exchange where its shares can be traded. Investments in unlisted companies are illiquid. They are most commonly referred to as private equity investments which more clearly describes what unlisted asset means. Private equity and public equity differ, with the latter directed at the general public. A company that would like to have its shares listed on a stock exchange must do a distribution of ownership which is one of the requirements for listing (IPO, initial public offering). Unlike listed companies, a private company is typically owned by a much smaller number of owners (or perhaps even just one owner) who govern its operations. Because there is no market for trading its shares, the owner(s) who want to sell the company, or their shares, will need to reach a direct agreement with the buyer(s).

Just because a company is privately owned does not necessarily mean that it is a small start up or family-run business, even though the number of small, privately-owned companies is indeed vast. Most private equity investments are in large, privately-owned companies. In order to manage the illiquidity that the investments implies, a private equity fund has a very long investment horizon. Institutional investors oblige themselves to, throughout the fund's lifespan, inject capital during a pre-defined investment period. After that, they will wait for distributions which are paid out as the companies in the portfolio are being divested. This is why an investment in a private equity fund is referred to as a fund commitment. It can take 8-10 years before a fund is fully divested and the investors have received all distributions on their invested capital. A co-investment is a selected investment in a portfolio company together with the fund manager. Typically, it is structured in the same way as a fund commitment, meaning that the main owner is responsible for running, developing and eventually selling the company.

As explained earlier, the conditions for investing in unlisted assets are entirely different to those that apply for asset management of listed shares. For an investor in private equity, liquidity management is particularly important, for example. An inability to meet one's obligations to the fund can be very costly and put the entire investment at risk. This is why these types of investments are typically most suitable for large, long-term institutional investors. It is also why AP6 is a closed-end fund. Those who drafted the legislation governing the fund understood that it is not possible to be extracting liquidity in the same way that occurs with the other AP funds. The need for long-term and stable conditions is a key requirement for investing in private equity. Private equity investments are aimed at taking a company successfully through a process of development. For example, it might include changing the business model, streamlining its processes or improving its market position by acquiring competitors or suppliers. The largest portion of the market for private equity is the value creation that occurs in mature companies. A smaller portion of private equity is focused on scaling up startups that have created new services or products. That segment is called venture, which can be divided into three stages: seed-, early- and late-stage. Late-stage venture is the largest category within venture. After that, there is typically a growth segment. It refers to companies that have transitioned out of venture and are now focused on growth. Seed investments are for new startups and it is a small sub-category of venture. Each segment of private equity is different, requiring vastly different expertise, which is why fund management teams tend to niche themselves in specific segments or sub-segments.

**In this section, private equity is used as the overall term for investments in unlisted companies in various stages of development (venture, growth and buyout). Sometimes, unlisted assets are instead categorized as private equity or venture. In that context, private equity means buyout.*

HOW AP6 INVESTS

Investment process

• Sourcing and selection

A decision to make a *fund investment* is always preceded by a comprehensive process that can take several years.

Funds are carefully selected, where the focus is on managers that have been able to deliver high returns and who prioritize sustainability.

For *co-investments*, decisions to invest are based on both the partners who will be involved and the underlying company. Dedicated resources, in the form of specialist expertise, monitor and analyze the market in order to identify attractive companies.

• Evaluation phase

For *fund investments*, the first step is to apply certain principles to ensure that the assessment is based on an adequately large number of candidates. After that, the selection process is narrowed down.

As the market survey progresses, some funds will remain as candidates and others will be ruled out.

For *co-investments* the time frame for evaluation is relatively short, which is why highly specialized expertise is required for the evaluation and analysis.

Ownership phase

• Impact and follow-up

AP6 views ownership as an opportunity to increase knowledge and understanding. AP6 is also able to impact by monitoring the investments to ensure that they are progressing as planned in terms of return, strategy and sustainability.

• ESG assessment model

AP6 can impact investments through communication of expectations and continuous assessment, monitoring and dialogue. AP6 has, for a number of years, systematically assessed the sustainability approach of funds through its own model for measuring, analyzing and evaluating the ESG approach of funds.

• LPAC

One important forum for investing in funds is LPAC (Limited Partner Advisory Committee). It has a limited number of seats for its investor representatives, allocated based on the size of the invested amount. For several of the funds in the portfolio, AP6 is represented on the LPAC. Through LPAC, it is possible to develop more in-depth investor relations.

Exit

• Distributions made at exit

When the holdings in funds and co-investments are divested, distribution payments are made to the investors. The strategy is to divest at the same time as the fund partner and co-investors.

• Closed-end fund

AP6 is a closed-end fund, which means that there are no contributions from or distributions to the pension system. A liquidity reserve is thus necessary in order to balance future fund commitments with the recurrent inflows and outflows of cash from investing activities.

• Liquidity forecast

As the portfolio grows and matures, the distributions (inflows) from exits balance the fund commitments and co-investment payments (outflows), even when the cash amounts are large. AP6 continuously strives to further develop its liquidity forecasting models based on long-term cash flow projections so that it can, as carefully as possible, monitor future liquidity situations.

All disciplines of expertise share the same goal

Investing

- Unique expertise that has been acquired over more than two decades through investments that have been made in unlisted assets. A wide network and long-term relationships with partners. Own models and methods for evaluating potential investments.

Sustainability

- Sustainability is an integral part of investing activities. Carefully designed models and tools are used for evaluation prior to investing and during the ownership phase. Resources are allocated on an ongoing basis, based on the identified issues and needs.

Accounting/finance

- As a closed-end fund, AP6 has developed detailed models for forecasting and managing liquidity. Employees from the accounting/finance department participate in the investment process by, for example, ensuring transaction quality.

Legal

- The legal team at AP6 works together with the investment team throughout the entire evaluation phase and is able to, early in the process, identify high priority issues that will need to be addressed during contract negotiations.

1. INVESTMENT PROCESS

Fund Investments

GENERALLY

When a decision is made to invest in a fund, there has typically been a very long investment process, sometimes years, preceding it. A fund investment is made by committing capital, which will be paid out at the rate that the fund itself invests in companies.

The starting point for all investments is the AP6 strategy adopted by its Board. AP6's fund portfolio is built up over time through a process of survey, evaluation and analysis to carefully select which funds to invest in and make commitments to. All steps of the process are important and serve as the basis for making investment decisions.

AP6 strives to collaborate with others who share its views on applying a long-term approach to value creation and sustainability. AP6 welcomes collaboration with those who regard sustainability as a means for generating high returns. There is a constant strive to identify partners who share AP6's mindset. Long-term relationships are a key component for the impact that AP6 is able to make.

AP6 has a well-established strategy for investing in selected funds in the following market segments: large and mid cap buyout, venture, growth and secondary. Most of the strategy is focused on large and mid cap buyout, where AP6 makes both fund commitments and co-investments. The segment consists of mature companies with an established business model.

A smaller portion of the portfolio is made up of fund commitments within the venture, growth and secondary segments. There is a much higher level of risk in venture compared to buyout. Skilled fund management teams working with venture can generate very high returns. The key is to identify the most successful teams. Venture funds invest in early-stage companies,



where capital is injected over a long period of time to generate a profit. AP6's allocation in venture is primarily late stage, sometimes supplementing that with a smaller portion of early stage, depending on the strategic direction of the particular fund in question. AP6 does not make co-investments in this segment, due to its high risk profile. Seed capital is not part of the AP6 investment strategy, which has to do with the high level of company risk and need for ownership structures that are less suitable for institutional investors. Secondary transactions occur when investors in a fund would like to divest their holdings before the fund is closed. Compared to buyout, there is a much lower risk with secondaries because the segment is highly diversified.

AP6 uses all of its talent and expertise during the entire investment process

All skill sets in the AP6 organization are used in every evaluation of a potential investment. Based on knowledge and prior experience, processes and routines have been developed and implemented at AP6 for assessing investments in the most resource efficient way. The integrated collaboration

that goes on at AP6 is based on a shared goal, where each function and employee understands the various parts and parameters associated with investment evaluations. It has resulted in a well-functioning integration of specialist expertise throughout the entire process. Complex issues can be dealt with in a very resource-efficient way, thanks to the involvement of various functions already in the early stages of the process.

Fund investments – Accounting/finance

AP6 is a state-owned, closed-end pension fund, which means that there are no inflows or outflows of capital to the pension system. Because of that, employees in the accounting/finance function work with detailed models for treasury management. Payments are made by AP6 at the rate that each fund acquires companies for their portfolio.

AP6 is paid distributions from funds at the rate that portfolio companies are divested. At that point, the return on the investment has been realized. AP6's investment volume is determined by first assessing the liquidity needs. Highly skilled employees in the accounting/finance department at AP6 use detailed analysis and calculation models

to make very precise cash flow forecasts for both the short and long term. They are also always involved in the evaluation of potential investments. Their skills are also used to perform quality assurance on routines and processes for reporting, since the various fund management teams use different structures for reporting. Experience in this area facilitates good planning and effective management of information flows from the funds in AP6's portfolio.

Fund investments – Legal

Prior to the decision to commit capital to a fund, a comprehensive legal contract review and contract negotiation takes place. A decision to commit capital to a fund entails discretionary management for ten years or longer. Advanced legal documentation, covering a variety of scenarios, is required in order to ensure that the management is in accordance with AP6's terms and conditions. It covers such things as incentives, fees, alignment of interests, transaction structure and exclusion criteria.

Employees working in the AP6 legal department have extensive experience in negotiating terms with fund management teams in various segments and geographic locations. They collaborate with the investment team throughout the entire evaluation phase and are able to, early on,



identify areas where more clarification or contract negotiation is needed. External expertise is also sometimes brought in to assist with contract matters that are specific to a particular segment of unlisted assets or geographic location.

SOURCING AND SELECTION

For AP6, fund commitments are long-term relationships aimed at generating stable, long-term returns. The lifespan of a fund is typically around 10 years (sometimes shorter, sometimes longer). AP6's intention is to make additional fund commitments with its established fund management teams, provided that the investments are generating good returns and developing according to plan in terms of strategy, organization, sustainability,



etc. Because of the long investment horizon that is required, AP6 puts a great deal of effort into monitoring and getting to know a fund management team before committing capital. Typically, that process can stretch over several years. AP6 has learned that it is well worth the effort to build a solid relationship with fund management teams prior to investing.

Through a continuous review of the composition of the existing portfolio changes required for continued long-term value creation and adequate risk diversification are identified. It might be decided, for example, to expand collaboration with a particular fund management team or to increase diversification in a particular segment or geographic location.

A market analysis is performed whenever new funds are added to the portfolio. Initially, it could cover a very large number of funds that appear to be interesting and attractive. The approach is to, initially, keep the scope large so that assessment is based on an adequately large number of candidates. After that, the selection process is narrowed down. As the market analysis progresses, some funds will remain as candidates and others will be sorted out.

The market analysis involves a comprehensive acquisition of knowledge in the form of bespoke analyses and exchange of

“For AP6, fund commitments are long-term relationships aimed at generating stable, long-term returns. The lifespan of a fund is typically around 10 years (sometimes shorter, sometimes longer).”

experience with investors active in unlisted assets. Existing networks are used for this and new networks are established, based on the need. The aim is to gather and process various investors' experiences in the area applicable to each specific market analysis. AP6 has unique specialist expertise that it has acquired over more than two decades in its role as pension manager and investor in unlisted assets. The organization has designed and developed its own models for monitoring and analyzing how the fund management teams are working to create value in their portfolio companies and how they work with sustainability, both from a portfolio perspective and at the company level.

AP6 uses all of its available experience and expertise to ensure that the selection process is appropriate and efficient. Thanks to the talent that exists within the organization, AP6 are able to, already at an early stage, sort out potential investments or collaborations that are not consistent with the value creation and sustainability approach. AP6 are able to narrow down the list of suitable fund candidates before any significant resources are devoted to it for more in-depth analysis and assessment. It facilitates an efficient use of resources and good cost control.

EVALUATION

Detailed evaluation begins after the number of funds has been narrowed down during the initial evaluation process. AP6 works with consistent processes for assessing the various investment alternatives. One fundamental requirement is to use the same template and process for evaluating all potential investments so that they can be compared.

The template has, however, been adapted for each market segment that the investment belongs to: buyout, venture, growth or secondary. Buyout funds make majority investments in mature companies with an established market position and existing structural capital. Funds in the venture/growth segment make minority invest-





ments in start-ups, injecting them with the capital they need for generating a profit and establishing a market position. Funds in the secondary segment invest in fund units that will be divested or when a fund is divesting its portfolio companies.

For this, it is necessary to identify a fund's status and success in areas deemed significant and decisive for making a decision to invest in the fund. A fund's strategy and market position is assessed by looking at such things as the sectors it is active in and the presence it has established as an investor in various regions. For the investment process and ownership, there is a review of the fund's structural capital, value creation and how it monitors deviations. AP6 looks closely at the return as well, based on the resources available for developing the portfolio companies, how well aligned the investments are with the fund's strategy, length of the holding period and its views on diversification. With AP6's investment model, sustainability is an integral part of the investment process, ownership phase and exit. All funds, without exception, are thus assessed on their level of ambition and processes for sustainability, the extent to which the fund is aligned with international standards and frameworks and which resources have been dedicated to sustainability. Key areas that are studied during the evaluation are the fund's existing focus on different areas of sustainability, such as how it reports sustainability data to its investors. For AP6, as an investor in various types of businesses, sectors and geographic locations, it is necessary to have a broad approach to sustainability, which includes aspects linked to human rights, labor rights, the environment and anti-corruption. AP6's sustainability assessment is always based on

a broad perspective. After that, the focus shifts to specific sustainability issues relevant to each particular investment. Climate, equality and diversity are always included as well. These have been identified as specific focus areas for AP6. When assessing a fund's strategy and market consideration, AP6 looks at such things as leadership, staffing and dependence on key individuals. In regards to legal terms, it is assessed based on the existing terms and possibilities for negotiating. Opportunities for making co-investments is a very important aspect as well.

Information from meetings with the fund management team and references from other investors are also taken into consideration. AP6 performs its own calculations and analyses of the holding periods, portfolio return and deviations. All of it results in an understanding of the processes for value creation and sustainability in each fund. AP6 set up meetings with the team, documenting its competencies and resources so that it is well acquainted with key individuals who will be responsible for the fund's future investments.

There are specific templates that AP6 uses for processing data that has been collected and the results from its own analyses. The final, compiled documentation from an evaluation is quite extensive.

Based on its experience from the vast number of evaluations it has performed over the year, AP6 has developed its own scorecard for summarizing the results of its evaluation of a potential investment.

The AP6 scorecard covers the fundamental areas of the analysis and evaluation of each potential investment.

The most important data points are reported for each area. AP6 gathers representatives from each specialist function within the organization to review and score each area based on the pre-determined grading scale. It is based on a number of pre-defined, uniform evaluation criteria that do not change over time. Because of that, it is possible to make quality comparisons with prior evaluations.

Finally, there is a weighted assessment of the scores a fund has received in each category. Here, it is important to point out that, even though great emphasis is placed on the overall assessment, a significantly low score in an individual area may result in the fund being rejected.

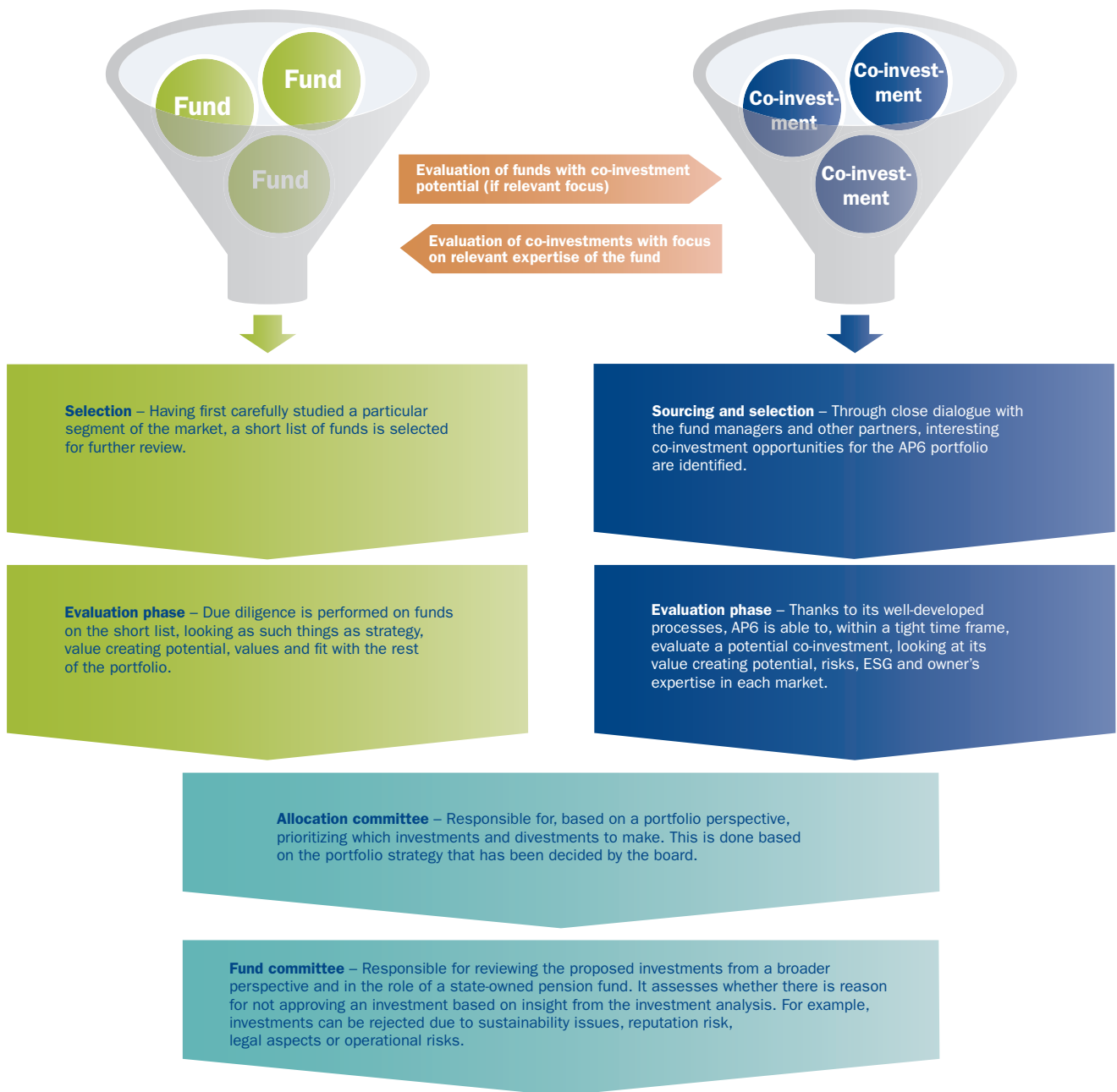
ALLOCATION COMMITTEE

Once a fund has made it through the evaluation phase and deemed to have met requirements on long-term, sustainable value creation, it is referred to the Allocation Committee. It is tasked with, from a portfolio perspective, proposing which investments and divestments to make and prioritizing them. This is done based on the portfolio strategy that has been decided by the board. The portfolio strategy is based on an analysis of return and risk, aimed at generating a long-term sustainable return with balanced risk. The Allocation Committee also continuously evaluates the existing

EXAMPLES OF FUND INVESTMENTS THAT AP6 TURNED DOWN IN 2021

A careful, thorough process is used for selecting which funds to invest in. The processes leading up to a decision to commit capital to a private equity fund takes several years, with many checkpoints along the way. There can be many reasons for deciding not to proceed with an evaluation, such as allocation space, execution of transaction, resource allocation, business rationale, legal terms etc.

Investment type	Situation	Main motivation
Buyout	Assessment of fund with investments in mature companies.	The fund's risk level changed in conjunction with change in strategy. AP6 decided to turn down the investment.
Buyout	Assessment of fund with investments in mature companies.	Because the fund is relatively new and has a short track record, AP6 decided to postpone its evaluation.
Venture	Evaluation of minority investment in an early-stage company.	The fund did not fit AP6's strategy based on a portfolio perspective. AP6 decided to reject the investment.



portfolio in relation to the long-term strategy. The Managing Director leads the work of the Allocation Committee and it consists of various members of the investment organization and the CFO.

FUND COMMITTEE

Once the Allocation Committee has decided to recommend the investment in a fund, the proposal is referred to the Fund Committee. It is tasked with reviewing

the proposed investments from a broader perspective and assessing whether there are any reasons for not approving the investments by considering the boundaries that arose during the investment analysis. For example, investments can be rejected due to sustainability issues, reputation risk, legal aspects or operational risks. The work of the Fund Committee is led by the Managing Director and the other members are the Head of Sustainability, General Counsel,

Head of Communications, Portfolio strategist and Head of the buyout portfolio.

A decision on approval by the Fund Committee is necessary for the investment to be implemented. In accordance with the AP6 governing process, some investment decisions are made by the Board.

Through AP6's solid and thorough investment process, a consistent portfolio is built up and managed based on clear portfolio strategy with specific goals and risk limits.



Co-investments

GENERALLY

AP6 invests indirectly in companies (minority investments) together with the funds where AP6 has made a capital commitment. For co-investments, AP6 is a financially passive owner, alongside the main owner of the investment. Co-investments are structured similarly to discretionary fund agreements, where the main owner(s) have management/ownership responsibility for the co-investment. AP6's strategy for co-investments is focused on large and mid cap buyout, most of these are done together with existing fund partners. A few, however, are together with other co-investors. Co-investments are not typically done in the venture, growth and secondary segments.

Long-term relationships and consensus on value creation where ESG is included characterize co-investments that AP6 chooses to implement. Decisions about

co-investments typically need to be made within a tight time frame, which is why a well-functioning decision-making structure is necessary. Evaluating a specific company requires specialist expertise and experience. AP6 has extensive experience in evaluating and investing in unlisted companies in the buyout segment. Decisions to invest are preceded by an intensive process that involves many different areas of expertise within the AP6 organization. This applies regardless of whether the co-investment will be done together with a fund where AP6 has previously committed capital (the most common scenario), or if it will be together with other co-investors.

Co-investments – Accounting/finance

When AP6 makes a fund commitment, payments will be made at the rate that the fund invests in its portfolio companies. For co-investments however, the entire invested amount is paid out as a lump sum on a

single occasion. Due to a tight time frame a well-functioning decision-making structure and routines are necessary. The accounting/finance function at AP6 has extensive experience in executing co-investments, where the requirements on quality-assured processes and routines are high. Execution of transaction is dependent on all participants in a co-investment meeting the requirements of the fund partner. Having acquired much experience in this area from the many co-investments it has made over the years with fund partners in the Nordic countries, Europe and North America, AP6 is able to efficiently allocate resources in order to meet the requirements of its fund partners around the world.

Co-investments – Legal

Compared to fund investments, the time allowed for reviewing and negotiating contracts is much shorter with co-investments. Most co-investments are done together with

funds where AP6 has previously committed capital. Because of that, AP6 has also already carried out a thorough evaluation of the fund partner. AP6 is able to ensure that the process is professional and resource-efficient, thanks to its solid network of legal expertise and knowledge of the contract terms agreed to when the fund investment was made. Here as well, experience in this area from the many co-investments that AP6 has made over the years with fund partners in the Nordic countries, Europe and North America, ensures that AP6 is able to efficiently allocate resources in order to meet the requirements of its fund partners around the world.

The legal team collaborates with the investment team throughout the entire evaluation phase and are able to, early on, identify areas where more clarification or contract negotiation is needed. External expertise is also sometimes brought in to assist with contract matters that are specific to a particular segment of unlisted assets or geographic location.

SOURCING AND SELECTION

Business generation from a partner perspective dominates when making co-investments. Most of the funds where AP6 has committed capital are with established partners. They are relationships that typically stretch over many years. In fact, AP6 has been working with some of its partners for more than 20 years. Fund management teams possess a great deal of knowledge about AP6's strategy, interest and expertise in executing co-investments. Due to the fact that AP6 has built up a well-diversified fund portfolio, with fund management teams niched in various segments and geographies, there are high requirements on AP6's business generation from a partner perspective when it comes to presence, relationship-building and identifying potential investments. Long-term relationships and close dialogue make it possible for AP6 to, at an early stage, identify its partners' needs and interests, which creates opportunities for AP6 to participate in co-investments.

Business generation also occurs from a company perspective. AP6 has dedicated



resources in the form of specialist expertise with many years of experience who monitor and analyze the market in order to identify attractive companies. In parallel with this, status checks with potential fund partners also occur on an ongoing basis. The fit is assessed based on AP6's strategy and potential fund partners' focus and interests. It is complex work requiring thorough knowledge of potential fund partners' portfolio structure, strategy and focus of interest. Long-term relationships and mutual trust are essential. Regardless of whether business generation originates from a partner or company perspective, there is always a great deal of competition to partake in a co-investment among those who invest in unlisted assets.

EVALUATION PHASE

A variety of factors set the boundaries for the process leading up to a co-investment. The structure will depend on the type of investment, market and parties involved. Because fund partners are well-acquainted with AP6's interest and experience in making co-investments, they will typically involve AP6 early on. There are other situations however, when a fund partner will contact AP6 late in the process, or after the process has been completed. AP6 is able to efficiently employ its internal resources in the process thanks to its thorough knowledge of the market conditions, the companies involved and the strong relationships it has established with its fund partners.

Typically, decisions about co-investments need to be made within a tight time frame, therefore it is necessary to reconcile different issues between fund partners and participants on an ongoing basis. For a variety of reasons, the requirements on transaction security are high. If a potential co-investor decides to withdraw late in the process, everything could become delayed, with higher costs as a result. Professional management thus involves having potential investors, early in the process, identify

EXAMPLES OF CO-INVESTMENTS THAT AP6 TURNED DOWN IN 2021

Each year, AP6 considers many new co-investment opportunities. There can be several reasons for deciding not to proceed with an evaluation, such as allocation space, execution of transaction, resource allocation, business rationale, legal terms, sustainability, etc. Prioritization and decisions on investments are made on an ongoing basis.

Investment type	Situation	Main motivation
Buyout	Evaluation of a co-investment where a very quick decision was required.	The timeframe did not allow for the thorough investigation that AP6 requires.
Buyout	Evaluation of a co-investment at the point when the allocation for the period had been met.	The allocation plan did not allow for more investments during the period. AP6 decided to decline the opportunity.
Buyout	Evaluation of a co-investment that had a deviating risk/return profile.	AP6 concluded that the risk/return did not fit the portfolio.
Buyout	Evaluation of minority investment in an early-stage company.	AP6 concluded that, given the stage of the company, the investment deviated from AP6's strategy.
Buyout	Evaluation of co-investment in a company with products where there were social and ethical concerns.	AP6 concluded that the investment was not consistent with its role as a state-owned pension fund.



the factors and conditions crucial to their continued participation. AP6 has developed well-functioning routines/decision processes, with dedicated resources, for carefully evaluating potential co-investments that are often time-critical.

Potential investments are analyzed and assessed based on several established criteria that are similar for all evaluations. It ensures continuity and consistency when assessing investments. It also facilitates comparison.

Various parameters exist for assessing whether a potential investment is a good fit with AP6's investment strategy and portfolio. The company is assessed from a vintage perspective by comparing it to prior co-investments, the assessed holding period and when exit will likely occur. The partner for the co-investment is also compared to other partners that AP6 has co-invested with. Impact on the AP6 portfolio is assessed by looking at how the transaction would affect

both geographic and sector diversification. An analysis of the company's risk and return profile is also performed.

The market where the company is active, along with its offering, is also analyzed. To gain a more in-depth understanding of the company, AP6 looks at such things as customer concentration, competitors, design of the business model and its financial performance. Within the sustainability assessment of the company, formalized reporting structures as well as operational measures are always evaluated. An important part relates to the company's plans to develop its sustainability approach, both in terms of future projects and level of ambition. As an investor in various types of businesses, sectors and geographic locations, it is necessary to have a broad approach to sustainability that is based on international norms on human rights, labor rights, the environment and anti-corruption. Various

standardized tools are used during co-investment processes in order to determine which sustainability issues are most important in each specific case.

To assess the company's resilience under different circumstances, a return analysis is performed based on different scenarios. The company's value creation plan is also analyzed and assessed. In cases where an investment could involve an opportunity for AP6 to be represented on the company's board of directors, this will also be assessed.

The investment team compiles the results from each area that has been studied and analyzed. After that, an overall assessment is made.

Once the Allocation Committee has decided to recommend the investment, the proposal is referred to the Fund Committee. It is tasked with reviewing the proposed investments from a broader perspective and assessing whether there are any reasons for not approving the investments by considering the boundaries that arose during the investment analysis. A decision on approval by the Fund Committee is necessary for the investment to be implemented. (See the illustration on page 19).

In accordance with the AP6 decision instructions, some investment decisions are made by the Board.

Through AP6's solid and thorough investment process, a consistent portfolio is built up and managed based on clear portfolio strategy with specific goals and risk limits. All of the talent that exists within the organization is utilized in a structured, professional way.

2. OWNERSHIP PHASE

AP6 regards the ownership phase as an opportunity for building knowledge and understanding. AP6 is also able to impact by monitoring the investments to ensure that they are progressing as planned in terms of return, strategy and sustainability. This occurs through regular follow-up of investments, dialogue, evaluation and feedback. Each investment manager carefully monitors value creation for the holdings. Continual dialogue and relationship building adds to the knowledge base, beyond what is obtained in more traditional ways such as quarterly reports and annual general meetings. AP6 strives to be an active partner with expertise in managing complex transactions based on commercial, financial, legal and sustainability perspectives and the prerequisites that apply for a closed-end fund. By continuously monitoring how holdings are developing, it is possible to make well-considered



decisions on further collaboration. Early in the process for a potential investment, AP6 will communicate its goals and expectations about a variety of things such

as transparency, fees, profit distribution, ownership of key individuals, organization, reporting and sustainability. Examples of types of information that AP6 requires

Monitoring, dialogue and influence during the ownership phase

Financial reporting (quarterly and annual reports)

As an investor, AP6 receives financial reporting from funds and co-investments, which makes it possible to continuously monitor and follow up on the investment's development.

Annual investor meeting

Each year, the private equity funds gather their investors for an annual meeting to review the fund's performance in terms of such things as return, organization, sustainability and future development. Investment Directors at AP6 attend these meetings.

Limited Partners Advisory Committee, LPAC

A Limited Partners Advisory Committee is a group comprising investor representatives for a fund. It has a limited number of seats for its investor representatives, usually allocated based on the size of the invested amount. Representation on the LPAC makes it possible to follow the fund's development more closely. For several of the funds in its portfolio, AP6 is represented on the LPAC.

Incident reporting

In the private equity sector, fund managers typically report significant incidents to their investors, either in the quarterly reports or through other ways of communication. AP6 follows the reporting of incidents closely and takes action when assessed necessary.

Collaboration and dialogue on co-investments

Every co-investment is an opportunity for

gaining an even deeper understanding of the fund manager's processes and working methods, since each co-investor has access to the due diligence on the company. When AP6 evaluates co-investments, there are opportunities for dialogue and continuous follow-up with the fund manager.

ESG assessment (annual)

Each year, AP6 follows up on the ESG approach of funds using a model that evaluates the fund manager's integration of ESG in the investment process and ownership phase, along with how it reports that. Both the evaluation and the individual feedback resulting from it help with maintaining a close dialogue with the fund managers of the portfolio.

Media monitoring

AP6 has implemented media monitoring for the holdings in the portfolio, which supplements the funds' own incident reporting.

reports on are financial, sustainability, incidents, significant changes in holdings and changes to the executive management team. ESG reporting is an area where AP6 is clear about its expectations and commitments. For example, AP6 might expect a higher level of ambition or more in-depth reporting of KPIs. AP6 has an opportunity to impact sustainability through collaboration, evaluation and feedback. AP6 has since several years systematically evaluated the sustainability approach of funds, through the continuous use of a specific ESG assessment model measuring, analyzing and evaluating the ESG approach of funds (see page 25). One important tool for encouraging deeper understanding and more cooperation on ESG issues is the individual feedback that AP6 offers to all funds. For co-investments, sustainability issues are monitored within the scope of regular follow-up of investments. For all types of investments however, incidents must be reported and monitored. Reporting is primarily done by the fund manager teams, but AP6 also uses an external tool for identifying sustainability-related incidents in the portfolio.

One important forum for investing in funds is LPAC (Limited Partner Advisory Committee). It has a limited number of seats for its representatives, allocated based on the size of the invested amount. For several of the funds in its portfolio, AP6 is represented on the LPAC. Participation in LPAC makes it possible to follow the fund's development more closely. The AP6 investment manager gains much information via the LPAC discussions about the fund's holdings.

Knowing more about the strategy, team, company acquisitions, value creation and sustainability is valuable. Insight from regular monitoring thus becomes valuable information when that same fund team endeavors to a new fund raising.

AP6 has extensive experience of investments in unlisted assets and it uses carefully designed systems to efficiently process large amounts of data. Different funds use different structures and systems to report valuations. AP6 has developed models and



EXAMPLES OF INCIDENTS IN THE PORTFOLIO LEADING TO DIALOGUE IN 2021

AP6 is a demanding investor in many ways, e.g. when it comes to such things as dissemination of information or the management of potential incidents or other significant events that could impact the investment's value or have a significant impact on ESG. AP6 expects swift, concise information from companies or funds where that has happened.

Investment	Event	Action taken by AP6	Status
Co-investment	The company was fined for anti-competitive activities, but has appealed.	Dialogue with the owner about the situation and legal process.	The owner is providing investors with regular updates on the situation, which arose prior to acquisition of the company.
Indirect holding in fund	Criticism on restoration of historically contaminated land.	Dialogue with the owner about the environmental investigation and approach.	The company is managing the situation and the owner is involved.
Indirect holding in fund	Charges of a deficient work environment and discrimination.	A meeting is planned with the owner (who recently acquired the company) to gain more information.	Under investigation.

tools for monitoring and analyzing events in the portfolio.

The ownership phase for co-investments is essentially the same as investments in funds. AP6 invests in companies (minority investment) together with the funds where AP6 has made a capital commitment. Through close ties and dialogue with fund management teams, AP6 is able to build knowledge and understanding, as well as

exert influence.

AP6 also gains more opportunities for influence with co-investments where its ownership share motivates representation on the board of directors. The ambition is to closely monitor the company's development in order to deepen and strengthen the relationship over time. A great deal of focus is on the company's value creation and sustainability approach.

Continuous reporting
and interaction

AP6's annual
assessment

Annual results
for all managers

Yearly feedback to
each manager

ESG ASSESSMENT OF FUNDS

In 2021, AP6 noted a strong positive trend in the sustainability performance of its fund investments. For several years, AP6 has been carrying out ESG assessments of funds and providing feedback along with examples of good practice. Assessments and monitoring of the sustainability approach in the portfolio

is an important part of AP6's work to achieve a high and sustainable risk-adjusted return over time.

AP6's assessment focus on fund managers' processes for ESG integration and does not assess the actual impact that portfolio companies have on people and the environment. Integration is assessed on the basis of

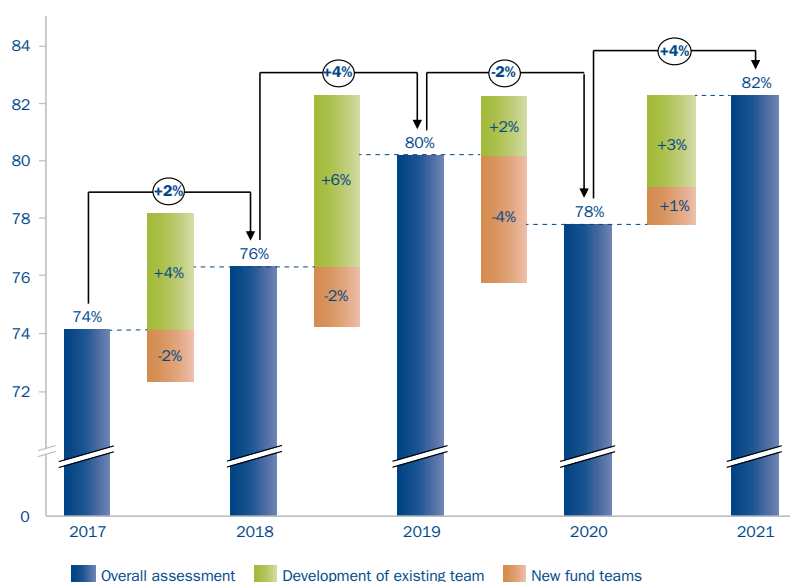
the formalized processes for reviewing sustainability when they invest in companies, how they work with the companies during the ownership phase and their sustainability reporting. The evaluation facilitates dialogue about the portfolio and its work with sustainability. Fund managers' processes, resources and initiatives for developing sustainability in the companies serve as the basis for the assessment. However, it also covers efforts specifically related to AP6's focus areas. Read more about this on pages 36-37.

AP6 uses its own model which is aligned with an industry-specific template for sustainability evaluation of private equity fund managers. The assessment is continuously refined in accordance with how the industry develops. Over time, the ESG processes in AP6's portfolio have been significantly improving. The overall result for the 2020 assessment decreased slightly mainly due to the addition of new managers with lower levels of ESG integration.

The overall results from the 2021 assessment observed a strong increase due to the contribution from existing funds' significant improvement of their sustainability performance over time. Sustainability reporting has particularly improved from both companies and funds. Industry specific initiatives during the year targeting standardization and higher levels of transparency within private equity have contributed to this. ESG integration in the ownership phase contributed to the improved results, primarily due to existing funds' work during the year. They developed processes and resources to improve knowledge and sustainability work in their portfolio companies. The overall assessment is that all of the funds are intent on working with sustainability and many have made substantial progress. As observed in prior years, funds with formalized ESG processes and a high level of ESG expertise received the highest scores.

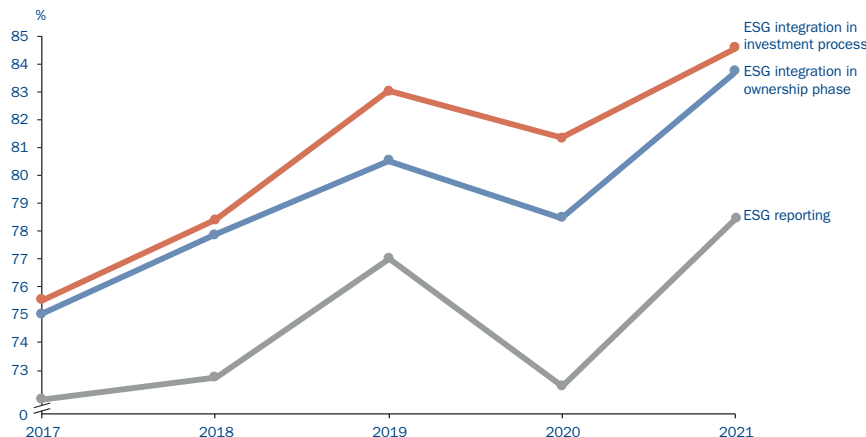
ESG assessment 2021

Total score



Progress of ESG work

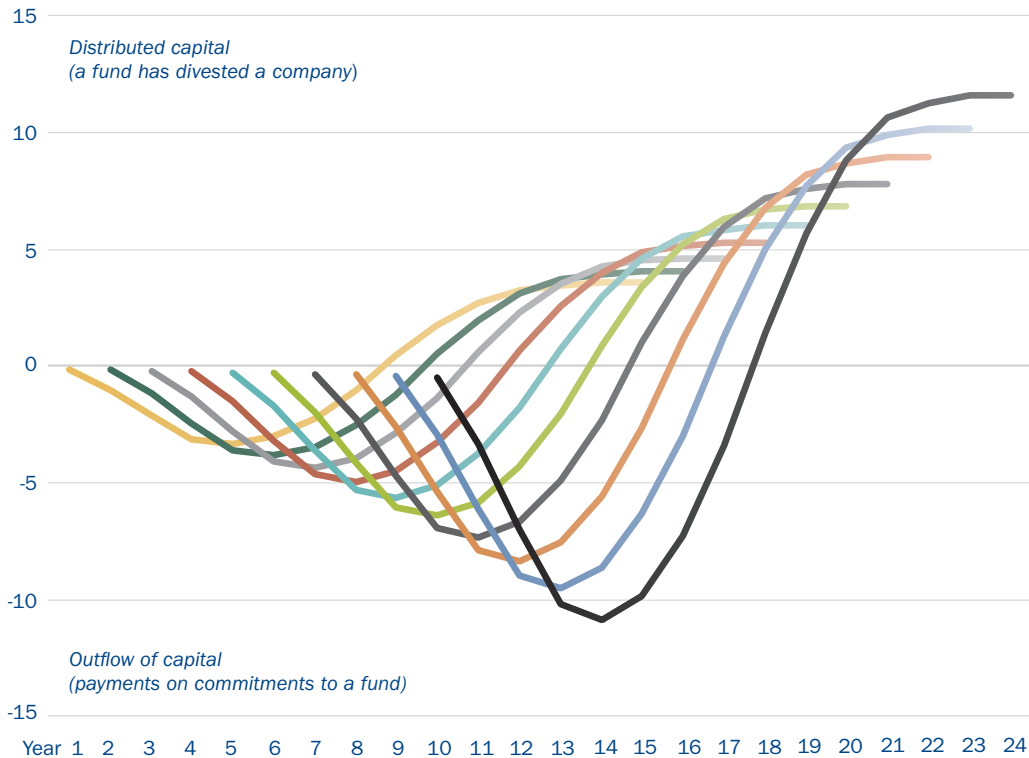
Per area



A more detailed description of the results from the 2021 ESG Assessment is available on the website (www.ap6.se).

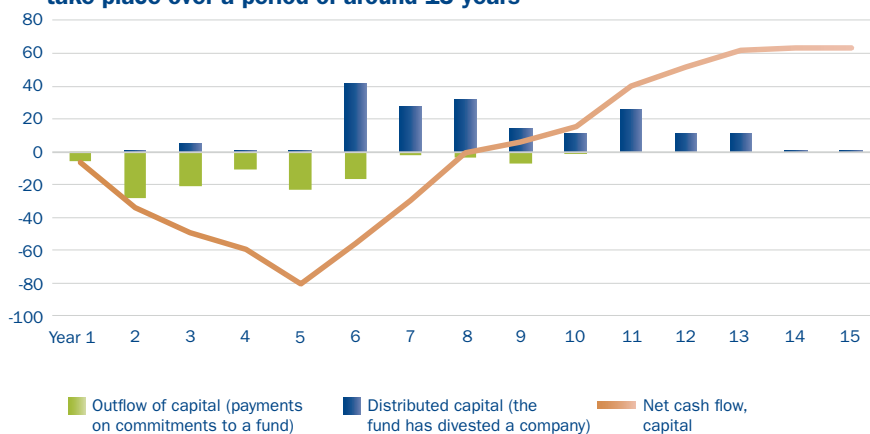
3. EXIT

Theoretical example – net cash flows per year and growing size of fund commitments



Each curve represents about 20 fund commitments made that year. The curves show net cash flow of capital. In general, the size of the amount for fund commitments grows in order to employ distributed capital.

The inflows and outflows linked to a real fund in the portfolio take place over a period of around 15 years



AP6's portfolio consists of many funds, with a variety of strategic directions and geographic locations. There is a very long investment horizon for private equity funds, due to the illiquid nature of investments in privately-owned companies. Institutional investors oblige themselves to, throughout the fund's lifespan, inject capital during a pre-defined investment period. After that, they must wait for distributions that are made at the pace the companies in the portfolio are exited. This is why an investment in a private equity fund is referred to as a fund commitment.

It can take up to 15 years before a fund

is fully divested and the investors have received all distributions on their invested capital. For a co-investment, a minority investment in a company together with the fund where AP6 has made a capital commitment, is basically structured in the same way as other private equity investments. The main owner, the fund partner, is responsible for running, developing and eventually selling the company. For an investor in private equity, such as AP6, liquidity management is particularly important.

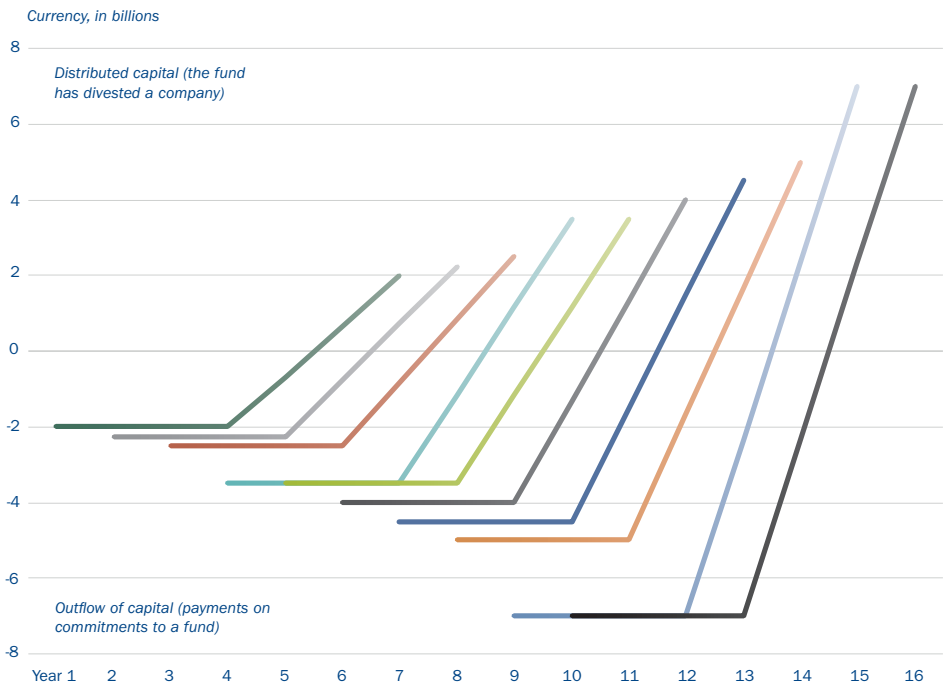
“It can take up to 15 years before a fund is fully divested and the investors have received all distributions on their invested capital”

An inability to meet one's obligations to the fund can be very costly and put the entire investment at risk. This is why these types of investments are typically most suitable for large, long-term institutional investors. It is also why AP6 is a closed-end fund. The legislator understood that it is not possible to be extracting liquidity in the same way that occurs with the other AP funds. Investing in private equity thus requires a long-term horizon and stable conditions.

When the holdings in funds and co-investments are divested, distribution payments are made to the investors. As the portfolio grows and matures, the distributions from exits balance the outflows of fund commitment and co-investment payments, even if the cash flows are significant. AP6 continuously strives to further develop its liquidity forecasting models based on long-term cash flow data from the market so that it can, as carefully as possible monitor future liquidity situations. The competence, expertise and experience that exists within the organization is being used to develop models and systems for monitoring and forecasting cash flows.

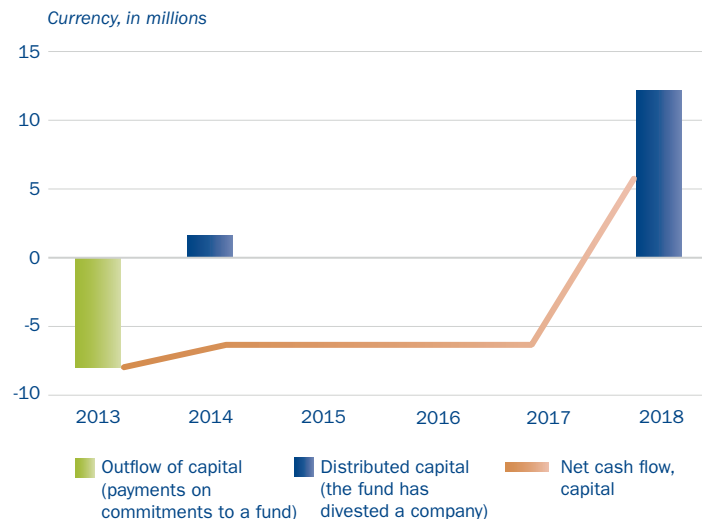
INFLOWS AND OUTFLOWS OF CAPITAL – FUND INVESTMENTS

Theoretical example of the cash flows per year from co-investments in the portfolio



Each curve represents about 20 co-investments made that year. The curves show net cash flow of capital. In general, the size of the amount for co-investments grows in order to employ distributed capital.

The inflows and outflows linked to a real co-investment in the portfolio take place over a period of around 6 years



TARGET RETURN

At the end of 2020, the Board of Directors decided to revise the target return for AP6, effective as of 2021. The reason for the change is that because AP6 must have a target return that reflects its assignment which is to invest in unlisted assets. Furthermore it must also reflect the long-term nature of such investments, which is why comparison with one-year returns is unsuitable. With a relevant target for unlisted investments, the strategy and return can be evaluated in a more relevant way. The new target makes it possible to break down the return so that AP6 can evaluate different sub-segments and thereby see how the various components of the portfolio contribute to the overall results. Burgiss who is a leading player in its field, is the provider of unlisted data.

Both the quality and quantity of data on unlisted assets has grown in recent years and at year-end 2021, the data covered around 11,600 unlisted funds and more than USD 9,000 billion in committed capital.

“The new target is based on the return of a median fund in the unlisted asset category over the last five years adjusted for the estimated liquidity requirement of 10%”

The data is based on General Partners’ reporting to their Limited Partners, so the return is calculated net of fees so it can be compared to AP6’s results.

The new target is based on the return of a median fund in the unlisted asset category over the last five years. It is not specific to a particular geographic area, since AP6 is not limited by such. Because AP6’s earnings are translated to SEK, the return data from Burgiss is also translated to SEK, so that it is comparable. The previous listed benchmark (SIX Nordic 200 Cap GI plus a risk

premium of 2.5%) was difficult to use for evaluation purposes, which is why already since 2016, Burgiss data has been used as an internal benchmark, limited however to European data, which reflected the investment portfolio at that time.

Unlike a traditional PE fund, AP6 is a closed-end fund, which means that there are no inflows or outflows of capital. A liquidity buffer is thus needed to meet its investment obligations, which can vary over time. Therefore, to enable a fair comparison of AP6’s net return, the target must be adjusted for this. The necessary liquidity reserve is approximately 10% of the fund capital. The target return for the liquidity reserve is the OMX Treasury Bill, which is used at the internal benchmark for AP6’s liquidity management. The target return for AP6 is thus weighted and it has two components. 90% is the target return for the unlisted portfolio over the last five years (Burgiss) and 10% is the target return for liquidity management (OMX T-Bill).

RETURN FOR VARIOUS TIME PERIODS

Period	Year	Total	Buyout*	Venture/ Growth	Secondary	Total for AP6	Target return*
1 year	2021	50.6%	43.9%	110.6%	49.7%	49.1%	14.6%
5 years	2017-2021	24.2%	22.1%	40.9%	18.1%	19.1%	10.2%
The Board evaluates AP6’s return over five years since that time frame best represents the current strategic direction							
10 years	2012-2021	16.6%	16.5%	17.0%	N/A	13.8%	12.1%
Since inception (25 years)	1997-2021	10.5%	16.1%	2.3%	N/A	7.7%	N/A

The return over the last 10 years is partly attributable to previous strategies. The return since inception is not comparable with the current activities and strategy.

* New target return for 2021. Represents the return for a median fund that invests in unlisted assets. For comparability with AP6’s net return, the target has been adjusted for the estimated liquidity requirement of 10%. The target return is thus comprised as follows: 90% represents performance of unlisted assets and 10% represents OMX Treasury Bill.

RISK MANAGEMENT

There are many types of risks associated with managing an investment portfolio like AP6's.

The risks are different from the ones in the listed market, which is why they must be monitored and mitigated using models and tools that have been specifically developed for private equity. In 2021, AP6 gathered the various risk management processes in a risk management plan.

At the overall fund level, there is a risk management process for identifying and measuring risks. Doing so reveals the AP6 risk profile. The aim is, to the extent possible, for the risk profile to be the result of conscientious decisions. This risk analysis is performed each year to identify the likelihood of both strategic and operational risks occurring, along with quantifying the estimated cost to AP6 if such risks were to occur. In order to manage the operational risks, you need to have an experienced organization with the right expertise, a solid structure for decision-making and professional system support for measurement and control. It ensures that the accepted risks have been carefully considered and can be both monitored and managed.

A carefully considered strategic direction is necessary for investments in private equity, given the long investment horizon and illiquid nature of these assets. For many years, AP6 has been working with a strategy that combines carefully selected fund relationships with co-investments in a well-diversified portfolio that balances various segments in private equity, geographic diversification and sector exposure. During fall 2020, AP6 evaluated the portfolio's risk-adjusted return potential and revised the strategic direction, still, however, in accordance with the same basic assumptions as before. The strategic direction governs how the investment portfolio is developed and there is continuous monitoring to ensure that the portfolio is being developed

“The risk function also complies with the investment framework, which must be considered with every new investment and exit decision”

in line with the long-term strategy.

A risk function and professional system support has been set up for risk measurement and to check compliance with the investment policy's placements rules. Exposure risks are monitored, for example, against the limits specified in the investment policy. Another output is visualization of the portfolio's risk diversification in terms of such things as geography, sector, segment (buyout/venture/growth/secondary), year and cash flow. In the investment segment, there are various return and cash flow profiles which, when correctly combined, can generate a better risk-adjusted return for the overall portfolio. One important success criteria when working with risk-adjusted return is the selection of fund manager and selection of co-investments. AP6's goal is to generate a higher return than the average for the private equity market by actively taking on risk via the selection of funds and co-investments. It is risk that must be continuously evaluated using guidelines that specify the amount of exposure that AP6 may have for any individual investment.

The risk function also complies with the investment mandate, which must be considered with every new investment and exit decision. AP6 makes fund commitments, which are obligations to make future payments. If it is unable to meet those obligations, there is a risk of significant loss in the value of the investment (funding risk). Value loss can also occur if there is an inability to apply the long-term investment

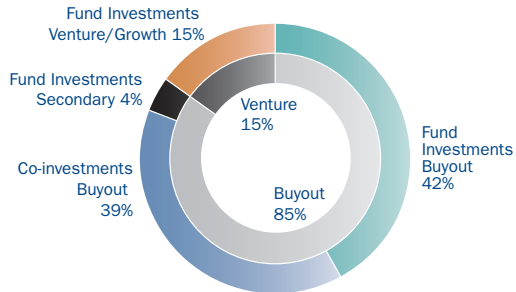
horizon and wait until it is possible to obtain the desired price upon sale of the assets (liquidity risk). The risk function monitors the liquidity need by using its forecasting models to carry out simulations. Various liquidity-generating measures are considered, based on a preparedness plan, which is included in the assessment. Monitoring of transactions serves as a control for assessing how well the outcome corresponds with the long-term cash flow forecasts. A large part of the investment portfolio is invested in foreign currencies, since only a limited portion of the market consists of holdings in SEK. When calculating currency risk, balance sheet risks are taken into consideration. Currency risk is monitored and mitigated through hedging in accordance with limits that have been specified in the investment policy.

Lastly, AP6 base the choice to establish a long-term fund relationship or make a co-investment over a holding cycle on a very robust evaluation model in order to identify the potential and risk in the investment assessment via a clearly defined scorecard that enables investments to be weighed against each other in a methodical way. An integral part of the investment assessment is identifying and assessing the sustainability risks, or opportunities, of the owner, company, market, business model and similar by adhering to a clearly defined evaluation process. Throughout the entire holding period, the evaluation work continues in order to ensure that a fund or co-investment is developing as planned and that it follows the defined strategy. It is an ongoing effort that continues throughout the lifespan of the fund. It also facilitates being able to assess new funds that a fund management team set up. Besides that, AP6 carries out an annual ESG assessment on all of the fund management teams that it works with (see page 25).

PORTFOLIO

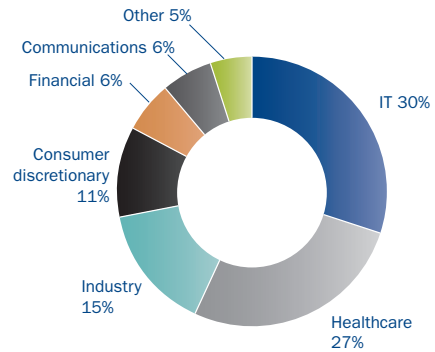
CAPITAL EMPLOYED SEK 59 BILLION

Capital employed
across market segments



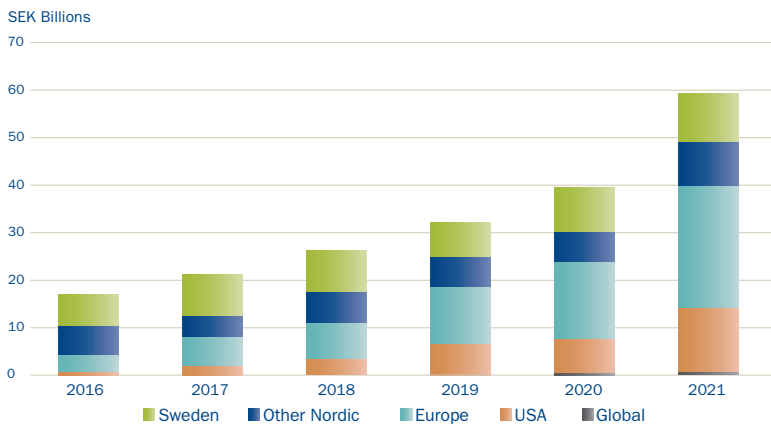
SECTOR AND INDUSTRY

Industry break-down

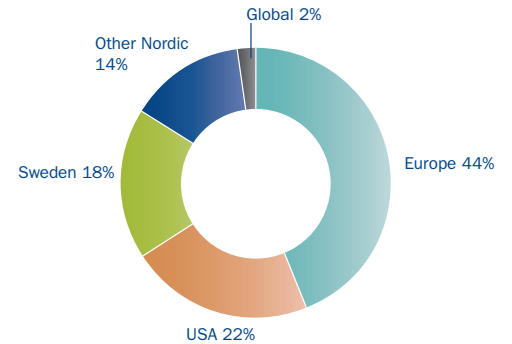


GEOGRAPHIC LOCATION

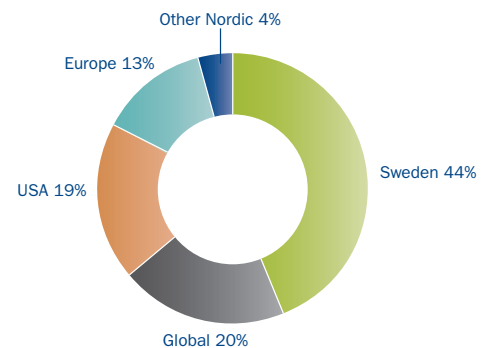
A more international portfolio over time



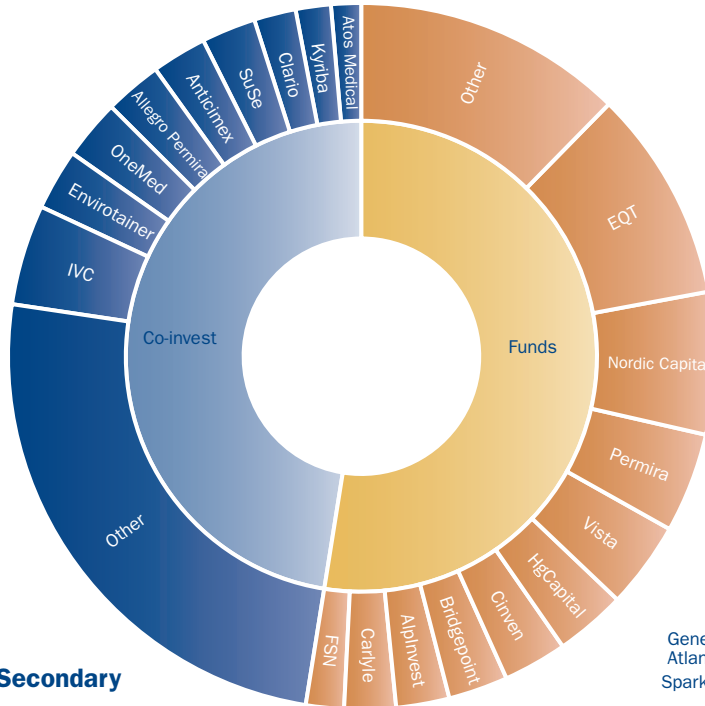
Geographical spread for
investing activities



Geographical spread for
treasury management



The largest fund and co-investments for Buyout segment



The market valued capital in Buyout amounts to SEK 48.1 billion, of which fund investments are SEK 25.3 billion and co-investments SEK 22.8 billion.

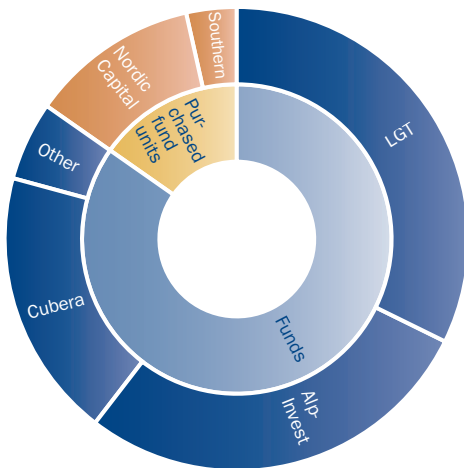
The remaining committed capital to fund investments amounts to SEK 18.0 billion, which will be paid to the funds over the next 3-5 years for their investments in portfolio companies.

The portfolio contains of more than 30 private equity firms managing more than 100 funds that are invested in more than 600 portfolio companies.

Buyout accounts for 72% of the total fund capital.

In 2021, commitments for a total of SEK 9.6 billion were made to 15 funds.

Secondary



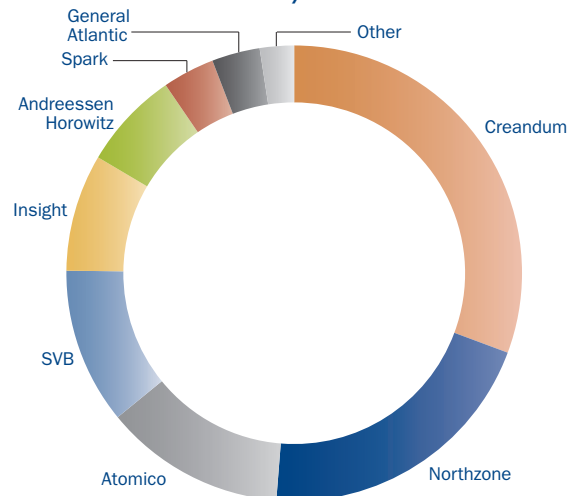
The market valued capital for Secondary amounts to a total of SEK 2.3 billion. The remaining committed capital amounts to SEK 1.8 billion, which will be paid to the funds over the next 3-5 years for their investments in portfolio companies.

The portfolio primarily consists of three private equity firms with about 10 active funds with investments in several hundred funds where thousands of companies are represented.

Secondary accounts for 3% of the total fund capital.

In 2021, no new commitments were made.

Venture/Growth



The market valued capital for Venture/Growth amounts to a total of SEK 8.4 billion.

The remaining committed capital amounts to SEK 2.3 billion, which will be paid to the funds over the next 3-5 years for their investments in portfolio companies.

The portfolio contains about 10 private equity firms managing about 30 funds that are invested in more than 300 portfolio companies.

Venture/Growth accounts for 12% of the total fund capital.

In 2021, commitments for a total of SEK 1.5 billion were made to 8 funds.

AP6 AS AN EMPLOYER

Managing of public pension funds via investments in unlisted assets places high demands on expertise and judgment. AP6 recruits employees in a competitive market. It is of strategic importance that AP6 is an attractive employer who is able to recruit/retain employees and help them to continually develop their skills.

VARIETY OF ROLES

AP6 is a significant institutional investor in the private equity market. AP6's partners include several top ranked European and North American private equity firms. The strategy of combining fund commitments with high quality co-investment in the buy-out segment with integrated sustainability work means that there are many interesting roles at AP6. The fund portfolio consists of investments in buyout, venture, growth and secondary. Specialists in various parts of the organization collaborate on all parts of the investment process. The investment organization works with European, US and Nordic management teams. The return that AP6 generates helps consolidate the Swedish pension system in a way that benefits future generations of pensioners.

INVESTING ACTIVITIES

The largest part of AP6's organization is the investment team. They are a cohesive team of analysts, Investment Managers and Investment Directors who analyze and evaluate fund commitments and co-in-

vestments. Team members are specifically chosen for each investment, based on the expertise required. Analysts typically have a high level finance or engineering degree. Investment Managers have also long experience from the private equity industry and they have ownership responsibility for certain investments, working closely with Investment Directors, who have had long careers acquiring experience from various parts of the private equity market. Investment Directors have ownership responsibility for AP6's largest holdings and they maintain a close dialogue with AP6's strategic fund management teams. Investment Directors are responsible for different parts of the investment portfolio and are represented on decision-making committees.

SUSTAINABILITY TEAM

The investment team closely collaborates with the sustainability team, since sustainability is an integral part of the entire investment process. Sustainability specialists typically have an engineering, science or so-

cial science degree and many years of experience working with sustainability issues. The team also has an ESG integration manager who has financial expertise and experience of integrating ESG into investing activities. The team is led by the Head of Sustainability, who is also a member of the AP6 Fund Committee.

LEGAL

Investing in private equity requires a great deal of knowledge about various legal aspects. AP6 has acquired a vast amount of experience working with the legal aspects of funds in private equity and corporate law. The legal work is international, with both in-house expertise and assistance from contracted law firms that have specialist expertise in AP6's investment focus for various geographic markets. Legal experts working at AP6 have a law degree and experience in business law. Legal work is led by AP6's General Counsel, who also is a member of the AP6 Fund Committee.



OTHER ROLES

AP6's long-term strategic direction requires a clear focus on portfolio strategy. Portfolio Strategist at AP6 have finance or engineering degrees and experience working with financial modeling. Investments in private equity are illiquid, where the return should be measured over the long term, which is why a clearly defined investment process is needed. AP6's Chef Investment Governance has extensive experience of investments in private equity and the governance process for this asset category.

ACCOUNTING/FINANCE

The accounting/finance function at AP6 has extensive experience in creating financial reports for an investment portfolio that consists of private equity. Positions in this department include Accounting Manager, Accounting Assistant, Backoffice Support, Controller and Risk Controller. Employees have degrees in accounting/finance and the experience required for their specific role. The risk function is part of the accounting/finance function. Employees working here are responsible for liquidity forecasts, currency hedging and follow-up of risks in the portfolio. They have experience suitable for their specific role, with knowledge of portfolio modeling using portfolio manage-

ment systems, Excel spreadsheets and other programming skills. AP6's CFO is in charge of this department and is also a member of the Allocation Committee.

COMMUNICATIONS

As a state-owned pension fund, AP6 has a great deal of responsibility for supplying the government, public and media with information. The Head of Communications at AP6 has many years of experience in media and communications and is represented on the AP6 Fund Committee.

HR

The HR function consists of the Head of HR and HR Administrator. It is tasked with promoting the culture, values, attitudes and behavior at AP6. Core areas are to ensure job satisfaction, well-being and commitment of employees so that the full potential of AP6 can be utilized to achieve its high goals. The Head of HR has extensive experience from business-related HR work at the managerial level and HR Administrator are experienced in all types of HR issues that can arise in an organization.

COMPETITIVE SALARIES

As a government authority, AP6 is under the jurisdiction of the Ministry of Finance. Management of public pension funds

through investments in unlisted assets places high demands on the expertise and judgment of employees. The owner has stipulated that remuneration to AP6 employees should be competitive, yet moderate. AP6 thus ensures that its employees earn a good salary and receive reasonable benefits, while still meeting the guidelines for remuneration and benefits stipulated by its owner.

GENDER EQUALITY

It is important that people with the same skills, experience and job description have the same terms of employment. This is a prerequisite for an organization to function properly.

DIVERSITY

For its size, AP6 has relatively few employees, and low turnover, in a sector that is very homogeneous. This makes it particularly important to have an overall, long-term plan for diversity. Diversity and gender equality are 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 organization.



SUSTAINABILITY ACTIVITIES 2021

For many years, AP6 has been pursuing a long-term approach to responsible investments and the integration of sustainability into all aspects of operations. The following pages describe how both the portfolio and organization have developed in 2021.

During the year, two new employees were added to the sustainability team at AP6 to fortify the organization's in-house expertise and ensure continuous development. A new Head of HR was also recruited to further strengthen the focus on being an attractive workplace, and developing the skills and expertise of employees.

In 2021, the Swedish National Audit Office (NAO) published its report on the sustainability approaches of the AP funds, concluding that they were appropriate. It also made some recommendations to the AP Funds and the government. The recommendations relevant for AP6 were to formulate clearer goals for social sustainability and to report on the contribution to the UN Sustainable Development Goals (SDGs).

Each year, the AP6 Board of Directors adopts specific sustainability goals for AP6, both for the portfolio and for AP6 as an organization. Performance in relation to the goals is reported on the pages that follow. There is also information related to the sustainability-related focus areas which AP6 has identified.

THE PORTFOLIO

While following up on the goals for 2021, a positive trend regarding ESG in the portfolio was identified. For several holdings, the score in the annual ESG assessment had improved. The percentage of women in investment teams and on partner level had also increased, even though AP6 would still like to see this improve even more. There were some goals however, where the level of fulfillment fell compared to last year. One explanation is that investments in venture

GOALS FOR FUND INVESTMENTS

Area	Targets	Status
Code of Conduct/ESG policy	Must be in place for all significant holdings	100% (100%)
Sustainability report	Funds corresponding to 80% of the value in the portfolio for fund investments should report in line with PRI or similar	71% (75%)
Climate	Funds corresponding to 80% of the value in the portfolio for fund investments should address climate issues (climate impact, climate strategy or similar)	68% (62%)
Equality/diversity	Gender equality at the partner level (by 2030) and in investment teams (by 2025), defined as at least 40% representation of the underrepresented group (women or men). 10% annual increase compared to previous year.	Page 37
Develop and improve sustainability over time	There should be a positive trend regarding ESG development in the fund portfolio (based on annual change of ESG assessment)	Page 25

GOALS FOR CO-INVESTMENTS

Area	Targets	Status
Code of Conduct/ESG policy	Must be in place for all significant holdings	88 % (91%)
Sustainability report	Companies corresponding to 80% of the value in the portfolio for co-investments should report in line with GRI or similar reporting guidelines	42% (43%)
Climate	Companies corresponding to 80% of the value in the portfolio for co-investments should report GHG emissions and document climate-related risks & opportunities	43% (43%)
Equality/diversity	AP6's investment partners and their portfolio companies must address equality/diversity in their organizations	Page 37
Sustainability meetings with portfolio companies	Three meetings per year	0 (3)

NEW SUSTAINABILITY GOALS

The new sustainability goals have been formulated for the entire portfolio. The goals are based on AP6's role as an indirect investor. There are five categories.

ESG integration

In this area, there were already goals pertaining to governing documents, as well as improving sustainability in the portfolio.

Transparency

Besides the prior goal about sustainability reporting, there is now a goal to report sustainability KPIs at the portfolio company level.

Climate

More concrete sub-targets were adopted pertaining to climate, in order to operationalise the visionary target from 2020 of aligning the portfolio with the Paris

Agreement. In addition to the prior goal for reporting, there is now a goal that companies representing 65% of invested capital should have adopted, or committed to adopt, climate goals aligned with the Paris Agreement by 2025. The goal is 100% by 2040.

Gender equality and diversity

Already in 2020, goals in this area were formulated in conjunction with the adoption of quantitative goals for the portfolio.

Human rights

Another focus area was added to the two prior ones. In order to formulate relevant sub-targets for this focus area, a survey of how international frameworks on human rights are being used in the portfolio will be carried out in 2022.

typically have less formalized processes for ESG and those investments increased substantially in value during the year. Despite this dynamic in the portfolio, the level of goal fulfillment for climate in the portfolio has increased, which reflects the large focus that management teams have on this issue.

It is worth noting that, for some of the new co-investments, an ESG policy did not exist at the time when the investment was made. Changes are always made after a company acquisition, including updating and strengthening governance documents and processes. The fund management teams typically have a lot of experience working with sustainability which means that ESG policies are expected to be in place soon.

During the year, AP6 joined two sustainability initiatives specific to the PE sector. Initiative Climat International (iCI) is a climate collaboration aimed at developing concrete methods for goal-setting and monitoring of climate issues. The objective of ESG Data Convergence Project is to streamline the industry's approach to collecting and reporting ESG data.

THE ORGANIZATION

During the follow-up of goals and KPIs for 2021, it was noted that employee turnover had increased compared to 2020. Vacant positions were filled during the year. The organization also grew to meet the needs of its growing portfolio, adding staff in the areas of portfolio strategy, risk & control, HR and sustainability.

For most of AP6's recruitments there are many applicants, both men and women. Because of that, we can be more successful in achieving our goal of even gender distribution in all AP6 departments and building up a team of talent with diverse experience and perspectives.

The long-term trend of absence due to illness is very low at AP6 and it fell even further in 2021 compared to 2020. It is important for AP6 that the employees are



GOALS FOR THE ORGANIZATION (SELECTION)

Area	Targets	Status
Gender equality	The short-list for a recruitment shall have an even gender distribution (measured as the average over 3 years)	Distribution 2019 – 2021: 46% women, 54% men.
Diversity	A workplace that reflects diversity in society (ethnic, background, gender, age, etc.)	Page 37
Travel and climate	For domestic travel, at least 75% should be by train.	87% (76%)
Suppliers	Sustainability assessment is mandatory for decisions on direct procurement where the amount limit for requirements on documentation has been exceeded.	100%

KEY FIGURES FOR WORK ENVIRONMENT AND ORGANIZATION

Fitness subsidy was utilized by 93.8% (90%) of the employees	Training hours per employee, approximately 20 (30)	Absence due to illness: 0.9% (1.5%)	Employee turnover Recruiting 15.9% (6.6%), severance 12.7% (3.3%).
Health insurance via Skandia	Occupational health services Avonova		

able to obtain a healthy work-life-balance albeit the sometimes hectic nature of work. Offering the possibility to prioritise recovery and health is a prerequisite for a sustainable career. Gladly 94% of the employees utilized their health and fitness benefit in 2021.

The Code of Conduct was reviewed with all new employees and the rest of staff were informed regularly as well.

A sustainability assessment was performed for the few decisions on direct procurement where the amount limit for requirements on documentation was exceeded.

FOCUS AREA: CLIMATE

Actively addressing climate issues has been a focus area at AP6 for a long time. Climate is a high priority, particularly in light of AP6's mandate of safeguarding pensions for many generations to come. Climate change and the related transition taking place in society to address it affects investments in nearly all sectors. As a long-term pension fund, AP6 must manage the issue of climate change in its investments in order to minimize the risk of negative impacts on the portfolio and to reduce effects of climate change overall.

UPDATED GOALS

In December 2020, the Board of Directors at AP6 tasked the organization with developing a plan and goals for lowering the portfolio's emissions in alignment with the climate goals of the Paris Agreement. The organization thus updated the existing climate goals during the year. The new goals put requirements on fund management teams and the companies AP6 invests in to actively increase transparency along with defining clear goals and strategies in line with science. The Board has adopted the new goals, which are presented on page 34.

AP6 DRIVES CLIMATE AGENDA IN INVESTMENTS

AP6's Code of Conduct states that "AP6 is committed to ensuring that the companies and funds it invests in take action on climate-related risks and opportunities". Within the scope of investment activities, AP6 continuously evaluates how fund management teams and companies manage risks and opportunities linked to climate and plans for integrating these issues into the various phases of the investment. In practice, this might involve assessing if dependencies on specific raw materials have been investigated, how climate issues will be managed in the ownership plan, or whether concrete goals have been set for reducing emissions from own operations.

Identified effects of climate change



"Have you identified any climate-related risks or opportunities that could significantly impact the return of your funds or individual portfolio companies?"

Climate analysis of the portfolio



"Do you require the inclusion of climate as a topic in your portfolio companies' governing documents or analyses of climate-related risks or opportunities (e.g. climate scenarios)?"

Reporting of carbon dioxide emissions



"Are you requiring reporting on greenhouse gas emissions from your portfolio companies?"

Extract from the AP6 annual ESG assessment, % of the number of fund management teams

Extraction of raw materials is an uncommon element in the types of investments that AP6 makes. Investments in the energy sector represented less than 1% of total assets as of 2021-12-31, most in companies that provide services to the exploration sector. AP6's general opinion of investments in fossil fuels is not positive, and has on several occasions declined such opportunities because of the negative environmental impact and associated financial risks.

Follow-up on climate issues is done in conjunction with AP6's annual ESG assessments of fund management teams. In 2021, many of them made progress in their work with climate issues by defining goals in line with the Paris Agreement. Transparency in their holdings also improved. During the year AP6 joined the PE specific network iCI (Initiative Climat International) to drive the agenda forward and exchange experiences within the industry. Focus areas include higher transparency and comparability, along with defining strategies and goals for lowering carbon emissions.

THE PORTFOLIO'S CARBON FOOTPRINT

For the eighth year in a row, AP6 has measured and calculated the portfolio's carbon

footprint. Total emissions increased by 6% compared to 2020 and they correspond to 20.5% of emissions from an equally large investment in a global index for listed companies, or 39.5% for a similar investment in a low carbon index. The increase is attributable to additions of a few companies with high emissions to the portfolio during the year, causing the total to rise. The portfolio's weighted average carbon intensity per unit of revenue has fallen by nearly 50% in 2021 compared to 2020. Please see page 64 for more detailed information.

AP6'S INTERNAL CLIMATE AGENDA

The direct climate impact from AP6's own organization is followed up each year. The environmental impact from AP6 is low. It primarily comes from business travel and purchased energy. Because of the ongoing COVID-19 pandemic, emissions from travel have remained low. AP6's travel guidelines stipulate that train travel and video conferencing should be used instead of air travel, to the extent possible. Please see page 64 for more information and data on AP6's activities related to climate.

FOCUS AREA: EQUALITY AND DIVERSITY

Equality and diversity is a focus area for AP6, both in the investments and its own organization. Since 2016, equality and diversity has been a mandatory area for follow-up. Both prior to and during investments, AP6 asks fund managers and companies what they are doing to promote equality and diversity.

Follow-up on gender equality in AP6's fund investments revealed that the percentage of women had increased by 20% (from 10% to 12%) at the executive management level and by 8% (from 25% to 27%) on investment teams compared to 2020.

As with last year's assessment, the US teams had a more even gender distribution than the European ones. Differences were also noted among the investment strategies, with higher gender equality in venture capital teams compared to buyout teams. Around three-fourths of the fund management teams state that they actively strive to support their portfolio companies' efforts to increase equality and diversity. They also say that they report on equality and diversity to investors. Clearly, there is an awareness among the teams and their holdings that organizations with a high level of equality and diversity attract the best talent, leading to better decisions and results over the long term.

AP6'S INTERNAL EFFORTS

Equality and diversity are obvious focus areas for AP6's own efforts with the work environment. A professional organization that constantly strives to improve will utilize all the skills and talents of its employees. People with different experiences and backgrounds can offer new perspectives when analyzing and evaluating different alternatives no matter the topic. It is therefore important that the composition of employees is diverse. As a government authority, AP6 must also strive to reflect the diversity of Swedish society.

For its size, AP6 has relatively few employees in a sector that is very homogeneous. Because of that, it is particularly important for us to have an overall, long-term plan for diversity, along with being able to monitor and evaluate it. Diversity and gender equality are part of the recruitment



criteria, both in terms of fixed-term and permanent positions.

It is also important to have an organizational structure with tools and processes for such things as skill development and remuneration that is aligned with the stated goals. Furthermore, there must be a workplace environment that encourages and values different perspectives. In doing this the organization is heading in the right direction.

KEY METRICS ON EQUALITY AND DIVERSITY AT AP6

The total number of employees was 32 (31), of which 15 (18) women and 17 (13) men. Age distribution:

<30 years	0 people
30-49 years	18 people
50-70 years	14 people

Senior management consists of 8 people; of which 3 women and 5 men.

Of the 32 (31) employees, 25 (25) work at the head office in Gothenburg and 7 (6) in Stockholm.

The Board of Directors consists of 5 (5) people, 3 (3) women and 2 (2) men. The Chairman of the Board is a woman.

Support the portfolio companies



No 26% Yes 74%

"Are you supporting your portfolio companies to increase diversity and equality?"

Reporting to investors

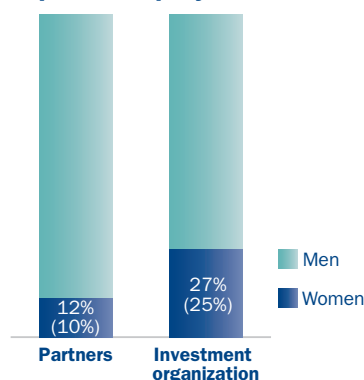


No 19% Yes 81%

"Are you reporting information about diversity to your investors?"

Extract from AP6's annual ESG assessment. The circle diagram shows the percentage of the number of fund management teams.

Gender balance in private equity firms



FUND GOVERNANCE STATEMENT

The Fund Governance Statement is based on the Swedish Corporate Governance Code. It is a set of guidelines on good governance for listed companies and it has become standard practice for industry, other types of companies and government authorities in the role of investors. The report must, at the same time, cover AP6's specific status as a government agency and AP fund. Compared to other public authorities, the difference is large. The AP funds have a special status, with their activities regulated by law. The Swedish Government does not have any regulatory authority over the funds.

PROGRESS IN 2021

There was a high rate of transactions during the year, which impacts cash flows for the fund. The investment organization has continued working with the portfolio in line with the long-term strategic direction.

SUSTAINABILITY

AP6 developed its sustainability approach during the year, both in general and for the two focus areas, equality/diversity and climate. The model for sustainability assessment of fund investments remains an important tool for measuring the sustainability progress in the portfolio. During the year AP6 strengthened the sustainability team and further developed the sustainability goals. The organization has been actively involved with PRI (Principles for Responsible Investment) and other trade associations by participating in working groups and committees focusing on sustainability and responsible investment. AP6's sustainability approach is described throughout the annual report and follows the Global Reporting Initiative (GRI).

BOARD COMPOSITION

The Board of Directors, consisting of five members, are appointed by the government, which also appoints the Chair and Deputy Chair. The government applies one-year mandate periods, which means that the current appointments are valid until the government has confirmed AP6's balance

sheet and income statement for 2021.

To ensure objectivity and independence, the other assignments of Board members must be approved by the Chair. Furthermore, the Chair's other assignments must be approved by the Ministry of Finance. Prior to each Board meeting, Board members are asked whether they have any conflicts of interest that would prevent them from taking part in discussions and decisions that will be covered in the meeting.

BOARD WORK

The Board has full responsibility for AP6's activities and in those areas where the Board's work is not regulated by the Sixth AP Fund Act (2000:193), it is regulated by the Rules of Procedure. The Board held 6 ordinary and 12 extra board meetings in 2021. Board meetings were held in both digital forums and in person.

Those who participate at Board meetings, besides the members of the Board of Directors, are AP6's Managing Director, the General Counsel (who serves as secretary) and managers or employees who will be presenting.

The Board establishes AP6's performance targets and its long-term strategy, along with appointing and evaluating the Managing Director and ensuring that there are sound procedures in place for internal controls and monitoring. Furthermore, the Board makes decisions on investment proposals and evaluates AP6's operations.

In 2021, the Board developed the organization's sustainability goals and delegated certain decisions within the framework of its adopted strategy and risk limits to the Managing Director. The Board has set up three committees, which are the Risk & Audit Committee, the Sustainability Committee and the Remuneration Committee.

RISK & AUDIT COMMITTEE

The Risk & Audit Committee (previously the Audit Committee) assists the Board with matters concerning audits, financial reporting and risk management. Its task is to monitor AP6's financial reporting and the

efficiency of its internal controls, internal audit (as required) and risk management, as well as briefing the Board on the audit of the annual report. It is also responsible for approving AP6's proposed valuations of unlisted assets in instances where there is no external appraisal (two holdings in 2021). The managers in charge send the valuations to the Managing Director, General Counsel and CFO for approval before submitting them to the Committee. The Committee must also meet with AP6's auditors for briefings on the audit and risk exposure.

Meetings of the Risk & Audit Committee are coordinated with the other meetings of the Board and AP6's auditors attend on at least one occasion. The Board is also able to ask the auditors questions, without any senior executives being present. The Committee consists of two members from the Board, one of whom should be appointed chair. The Managing Director, CFO and a keeper of the minutes are co-opted members.

REMUNERATION COMMITTEE

The Remuneration Committee assists the Board in a drafting capacity in matters concerning remuneration principles, remuneration and other employment terms. The Committee must monitor and evaluate the application of the guidelines for the terms of employment for senior executives and use the government's guidelines issued in 2009.

The Committee must prepare draft proposals for a framework for annual salary reviews for AP6's employees. The Committee meets in conjunction with annual revisions and evaluations.

The Committee consists of two members from the Board, one of whom should be appointed chair. The Managing Director, Head of HR and a keeper of the minutes are co-opted members.

SUSTAINABILITY COMMITTEE

The Sustainability Committee assists the Board in a drafting capacity in matters concerning AP6's sustainability efforts. The Board has tasked the committee with the

following:

- Identifying and managing sustainability issues
- Establishing sustainability goals and follow-up
- Reviewing the quality of sustainability reporting

The Committee meets twice per year and consists of two members from the Board, one of whom should be appointed chair. Those who typically participate in meetings, besides Board members, are the Managing Director and other individuals from the organization.

FEES, SALARIES AND INCENTIVE SCHEMES

Fees and other remuneration paid to the Board are decided by the government. Annual remuneration amounts to SEK 200,000 for the Chair, SEK 150,000 for the Deputy Chair and SEK 100,000 for other Board members. The Board decides on remuneration for the Managing Director and salary scales for all other employees. Guidelines on the remuneration to senior executives were issued by the government in 2009 and they still apply. In accordance with those guidelines, variable remuneration has been eliminated. See Note 6 for more details. AP6 does not offer variable remuneration or incentive schemes for management or other employees.

INTERNAL CONTROL

Internal controls are essential to efficient operations.

The Board is responsible for internal controls. The Board may be assisted by the Managing Director and, if necessary internal audit, if a particular area requiring an audit has been identified. Since AP6 has few employees, and no separate (in-house) function for internal audit, external consultants with the right expertise are instead engaged.

The risks identified by internal auditors or through internal controls, are managed by introducing specific activities to the process flow. New or modified activities mainly relate to organizational structure, levels of authority or allocation of responsibility, processes, control functions/redundancy and documentation. The governance function

is described in AP6's governing documents and policies, which are established by the Board, along with the instructions decided by the Managing Director. Process descriptions and system support to assist with day-to-day operations are also created. During 2022, the Board will carry out an internal audit review of decisions processes.

There are various governing bodies that support the Managing Director's ongoing administration:

- **Senior management** is involved in decisions about overall strategy and organizational matters for AP6.
- **The Allocation Committee** is involved in decisions about investing activities and prepares supporting documentation for decisions that will be made by the Fund Committee and Board. The Allocation Committee is responsible for allocating capital within the investment portfolio by preparing and gathering the documentation that will be used for investment and divestment decisions. The Committee also deals with nomination and remuneration matters in holdings, whenever such issues arise.
- **The Fund Committee** is involved in decisions that have been proposed by the Allocation Committee from an overall fund perspective, which ensures redundancy in the decision process. The Fund Committee recommends decisions that the Board should consider and as such, it is the final decision point for decisions under the Managing Director's mandate. The Fund Committee also deals matters of an ethical nature at AP6.

For financial institutions, the Swedish Financial Supervisory Authority's (FI) has regulations stating that functions are required for managing compliance and risk. AP6's activities are not subject to supervision by FI. At AP6, these functions are shared between different levels of the organization. The compliance function is shared by AP6's General Counsel (regulations) and the CFO (financial reporting). The risk management function is performed by a risk controller who reports to the Managing Director, CFO and the Risk & Audit Committee.

Risk management is also an integral part of day-to-day investing activities.

AUDIT

AP6's auditors are appointed by the government. The current auditors are Magnus Svensson Henryson (PwC) and Peter Nilsson (PwC), whose appointment runs until 31 May 2023.

The auditors' work includes examining AP6's operating activities, administration, financial statements and annual report. Based on their audit, the auditors express an opinion on the accounting records and the administration. Their work also includes verifying that AP6 follows generally accepted accounting and valuation principles, and that the accounting records provide a true and fair view of operations. An audit of AP6's IT environment was also conducted.

At least once per year, the auditors present a report on their audit to the Board, along with submitting a written report on their audit of the administration and financial statements. At that meeting, the Board is also able to ask the auditors questions, without any senior executives being present. The auditors also report verbally to the Ministry of Finance once a year.

THE BOARD'S OWN ASSESSMENT

Under the Sixth Swedish National Pension Fund Act (2000:193), the Board must carry out an annual assessment of its management of the fund assets, i.e. a performance review. It must be submitted to the government in conjunction with the presentation of the annual report and the auditors' report. It is presented in a separate report published on the AP6 website.

THE GOVERNMENT'S ASSESSMENT

In addition to the Board's own assessment, the Ministry of Finance conducts an annual assessment of AP6's operations on behalf of the government. This assessment is carried out for all AP funds with the assistance of external consultants. It is presented in a written communication to the Swedish Parliament which is published in conjunction with the government confirmed the income statements and balance sheets of the AP funds for the 2021 financial year.

BOARD OF DIRECTORS



KARIN REUTER-SKIÖLD

Board member

Born: 1959
Elected: 2018

Other appointments:
Business Strategist at Hållbarhet Danske Bank.
Chair for MISTRA Electrification Programme Board.
Advisor at MISTRA Carbon Exit.
MISTRA Sustainability Committee, Sustainability Group Member of The Swedish Society of Financial Analysts (SFF).

No holdings in unlisted companies.

URBAN LINDSKOG

Deputy Chair

Born: 1965
Elected: 2015

Other appointments:
VP Division Control, Lagercrantz Group AB. Chairman of the Board; Direktronik AB, Radonova AB, Excidor AB, Load Indicator AB, Precimeter AB, Gasig AB, Leteng AS, Vanpee AS, Geonor AS, Vanpee A/S.

No holdings in unlisted companies.

Holdings in own companies:
Lindskog & Partners AB, Scharp & Lindskog AB

CATRINA INGELSTAM

Chair

Born: 1961
elected: 2016

Other appointments:
Board member; Spiltan Fonder AB, Orio AB, Swedfund International AB, Kommuninvest i Sverige AB, LÖF (insurance company for the regions), SH Pension Tjänstepensionsförening.

No holdings in unlisted companies.

Holdings in own companies:
Creatme AB.

ÅSA KNUTSSON

Board member

Born: 1962
Elected: 2019

Other appointments:
CEO at Fouriertransform AB, Head of Direct Investments at Saminvest, Board member of Inlandsinnovation AB.
No holdings in unlisted companies.
Holdings in own companies:
T&Å Knutsson Konsult AB.

ALEXANDER LJUNGQVIST

Board member

Born: 1971
Elected: 2018

Other appointments:
The Stefan Persson Family Professor of Entrepreneurial Finance at Stockholm School of Economics.
CEO at Nordic Economics Consulting AB.

No holdings in unlisted companies.

Holdings in own companies:
Nordic Economics Consulting AB.

Board Committees

Risk & Audit Committee

Alexander Ljungqvist
(Chair)
Åsa Knutsson

Remuneration Committee

Urban Lindskog (Chair)
Catrina Ingelstam

Sustainability Committee

Catrina Ingelstam
(Chair)
Karin Reuterskiöld

MANAGEMENT



KATARINA STAAF
Managing Director

Born: 1967
Employed: 2019
Board appointments:
Staaf & Partners AB
FastPartner AB (as of
April 2020)
No holdings in unlisted
companies.
Holdings in own compa-
nies: Staaf & Partners
AB, K Staaf Konsult AB.

KARL FALK
Head of Buyout

Born: 1972
Employed: 2012
Board appointments:
Auvimo AB
No holdings in unlisted
companies.

JONAS LIDHOLM
General Counsel

Born: 1970
Employed: 2001
Board appointments:
None
No holdings in unlisted
companies.

ANNA FOLLÉR
Head of Sustainability

Born: 1975
Employed: 2014
Board appointments:
None
No holdings in unlisted
companies.

MATS LINDAHL
Chief Investment
Governance

Born: 1964
Employed: 2012
Board appointments:
None
No holdings in unlisted
companies.

**CECILIA GROSS
FRIBERGER**
Head of Venture,
Growth and Secondary

Born: 1968
Employed: 2000
Board appointments:
None
No holdings in unlisted
companies.

ULF LINDQVIST
Head of Communications

Born: 1963
Employed: 2008
Board appointments:
None
No holdings in unlisted
companies.

HENRIK DAHL
CFO

Born: 1975
Employed: 2008
Board appointments:
Centre for Finance
(CFF) at University of
Gothenburg School of
Business, Economics
and Law
No holdings in unlisted
companies.

Decision forum organization

**SENIOR MANAGE-
MENT:**
Katarina Staaf (Chair)
Henrik Dahl
Karl Falk
Anna Follér
Cecilia Gross Friberger
Jonas Lidholm
Mats Lindahl
Ulf Lindqvist

FUND COMMITTEE:
Katarina Staaf (Chair)
Karl Falk
Anna Follér
Andreas Hedengran
Jonas Lidholm
Ulf Lindqvist

**ALLOCATION
COMMITTEE:**
Katarina Staaf (Chair)
Vidar Andersch
Frida Bergqvist (protocol)
Henrik Dahl
Karl Falk
Yue Gong
Cecilia Gross Friberger
Mats Lindahl



REMUNERATION LEVELS, BENEFITS AND REPRESENTATION COSTS

The government adopted guidelines in 2009 on remuneration of senior executives at the AP funds. The main objective of this measure was to protect public confidence in the AP funds.

Below, are the guidelines on remuneration, and the results from a comparison made in 2019 of remuneration levels for all employees.

Government guidelines for senior executives of the AP funds

- The total remuneration paid to senior executives of the AP funds should be reasonable and motivated
- It should also be competitive, have a ceiling, be appropriate for the work concerned and contributing to a good ethical code and organizational culture
- The remuneration should not be higher than at comparable institutions, rather, characterized by moderation
- Variable salary (i.e. bonuses) may not be paid
- Other employees may receive variable salary, although no more than the equivalent of two months' salary

AP6's Board of Directors has decided that:

- All employees, not just senior executives, fall within the scope of the government guidelines
- There will be no opportunities for variable salary (i.e. bonuses)

To the extent possible, and having considered the market conditions, AP6 strives to ensure that the guidelines are applied in companies where it has direct ownership.

ANALYSIS OF AP6'S REMUNERATION LEVELS

The Board's guidelines are that AP6 shall, at regular intervals (approximately every other year) carry out an evaluation of remuneration levels covering the salaries of all employees. The evaluation must be performed by an independent, external consulting firm. This was done most recently in 2019 and no changes in the remuneration structure have occurred since then.

Results of the evaluation

Results of the 2019 evaluation showed that AP6's remuneration level for salaries is in the lower quartile compared to the financial sector.

The Board's conclusion is that remuneration to AP6 employees is reasonable and in line with the Government guidelines.

REPRESENTATION AND TAXABLE BENEFITS

AP6 has restrictive guidelines when it comes to representation and benefits.

Representation costs should be reasonable and appropriate. For example, alcohol may not be included in internal entertainment expenses.

DIRECTORS' REPORT

The Board of Directors and Managing Director of the Sixth AP Fund (AP6) hereby present the Annual Report for the 2021 financial year. The Annual Report consists of a Directors' Report, Income Statement, Balance Sheet and Notes.

GENERAL

The Sixth AP Fund (AP6) is a specialist fund in the Swedish pension system with the unique mandate of investing in the market for unlisted assets (private equity). The goal is to create a long-term, high return with adequate spread of risk. Investing activities focus on the buyout segment (mature companies), through fund and co-investments, which have delivered very good returns over time. Over the years, much effort has been put into choosing the most talented fund management teams and establishing long-term relationships with them for making fund investments. It has also enabled us to create a broad portfolio of co-investments. Investments in venture and growth (early phase) are only made indirectly, via funds.

AP6 also invests via the secondary market by making commitments to secondary funds, or through own purchase of secondary shares. The investment direction that AP6 pursues for this category of assets results in cost-efficient management with the right conditions for generating a high return.

SIGNIFICANT EVENTS DURING THE YEAR

Profit/Loss

The net profit for 2021 amounted to SEK 22,175 (7,649) million, which corresponds to a return of 49.1% (20.4%). The return should be compared to the target for the year, which was 14.6%. The return on capital employed was SEK 21,911 million, which corresponds to a return of 50.6%. Buyout contributed SEK 16,600 million to the net profit, with a corresponding return of 43.9%, venture and growth SEK 4,293 million with a return of 110.6%, and secondary SEK 1,018 million with a return of 49.7%.

Performance of fund capital

At the end of 1996, AP6 started with fund capital of SEK 10.4 billion, which by the end of 2021 had grown to SEK 67.3 billion by SEK 56.9 billion in accumulated earnings. This is equivalent to a total increase in value of 547% since AP6 was established and an annual average growth rate of 7.7%.

Since 2003, the majority of AP6's assets has been invested in unlisted companies. An analysis shows that during the period 2012-2021 (the last 10 years) fund capital has grown by SEK 48.8 billion, from SEK 18.5 billion, to SEK 67.3 billion, most of which is derived from the current strategic direction. The increase corresponds to an

average annual growth of 13.8%.

AP6 is a closed buffer fund, which means that there is no requirement to annually pay in or receive funds to balance the national pension scheme's payment flows. This means that gains are reinvested and that any losses must be covered by the fund capital.

Commitments to future investments

Investing in private equity funds involves making a commitment for an agreed amount. It is then paid out in installments, at the rate that investments are made. Typically, an investment period is 5 years, after which the fund transitions to managing, and later exiting, its holdings. At that point, the return is realized. At year-end, remaining committed capital amounted to SEK 22.7 (18.7) billion.

New target return for AP6

At the end of 2020, the AP6 Board of Directors decided on a new target return, as of 2021. Instead of the prior listed benchmark (SIX Nordic 200 Cap GI plus a risk premium of 2.5%) an unlisted benchmark will be used, which is essentially the same as the internal benchmark that AP6 has been using in parallel with the listed benchmark. The new benchmark is more relevant, answering the key question, which is how AP6 is performing compared to other investors in unlisted assets. Data for the benchmark is collected from Burgiss, which is a leading supplier of unlisted data on the market. The quality and amount of data in this area has steadily increased in recent years and as of year-end, it covered 11,600 unlisted funds and more than USD 9,000 billion in committed capital. The data is also based on GP's reporting to their LP's, which means that it is a net return after fees, making it comparable with AP6's results. The new target is based on how a median fund in the unlisted asset category has performed during specific time periods. There are no geographic limitations, since AP6 is not limited by such either. Because AP6's profit is translated to SEK, data used for the target is also converted to SEK.

Unlike a traditional private equity fund, there are no inflows or outflows of capital, since AP6 is a closed-end fund. Because of that, a liquidity buffer is required to cover future investment commitments. AP6's net return must therefore be adjusted for that in order to facilitate a fair comparison. At present, the necessary liquidity reserve (when the fund is fully invested), is estimated at 10% of the

fund capital. The benchmark for the liquidity reserve is the OMX T-Bill, which is the internal benchmark that AP6 uses for its treasury management. The target is thus weighted as follows: 90% of the target return for the unlisted portfolio (Burgiss) and 10% of the target return for liquidity management (OMX T-Bill).

Overall return analysis

AP6's net return for the year was 49.1% and the return on capital employed was also very high at 50.6%. The capital employed consists of investments made through investing activities. Other capital consists of treasury management, where the investment strategy is that 30% of capital shall be invested in five broad stock indices and the rest in fixed-income funds. Value growth was strong throughout the portfolio with a record-high net profit of SEK 22.2 billion. The return exceeded the target by a wide margin - net return was 49.1%, and the target was 14.6%. The holding period for private equity is typically long, so the return should also be evaluated over time and across several business cycles. AP6 focuses primarily on investing in mature companies that have delivered very good returns over time. For the mature companies' segment, the return over the last 10 years amounts to 16.5% and over the last 5 years it is 22.1%. The corresponding figure for venture/growth is 17.0% over the last 10 years and 40.9% over the last 5 years. The 10-year target in that segment was 12.1% and the 5-year target was 10.2%. The portfolio's performance has thus been particularly strong over the last 2 years, which has boosted the return over longer periods of time. AP6's net return (after costs) amounts to 13.8% over the last 10 years and 19.1% over the last 5 years, which is above target.

INVESTING ACTIVITIES

AP6 operations are divided into investing activities and liquidity management. Investing activities focus on the categories of buyout, secondary, venture and growth. Because the portfolio for growth is relatively limited, it is grouped together with venture. Liquidity management is focused on payment readiness and investing excess liquidity in equity funds and fixed-income funds.

Investments in buyout

The market value assets of buyout amounted to SEK 48.1 (33.7) billion at the end of 2021, while the profit for the year before internal expenses came to SEK 16,600 (7,010) million. Profit for the year corresponds to a return of 43.9% (22.5%).

The market value assets in the fund portfolio amounted to SEK 25.3 (17.0) billion, while the profit for the year before internal expenses came to SEK 7,850 (2,550) million. It yields a return for the year of 38.3% (15.0%). The profit level was primarily affected positively by portfolio revaluations and by realizing assets at values higher than the opening market value. Commitments totaling SEK 9.6 billion were made to 15 funds, most of which were with fund management teams that AP6 has previously invested with.

The market value assets in the co-investment portfolio amount-

ed to SEK 22.8 (16.7) billion, while the profit for the year before internal expenses came to SEK 8,750 (4,461) million. It yields a return for the year of 50.2% (30.3%). There was a positive impact on earnings from higher valuations for many funds in the portfolio, along with two major exits. In total SEK 4.3 billion was invested and 15 new co-investments were added to the portfolio.

For buyout, the return over the last 10 years amounts to 16.5% and over the last 5 years it is 22.1%.

Investments in venture and growth

The market value assets in the venture/growth portfolio amounted to SEK 8.4 (3.5) billion, while the profit for the year before internal expenses came to SEK 4,293 (747) million. The profit level in this segment yields a very high return for the year of 110.6% (21.5%). Commitments totaling SEK 1.5 billion were made to 8 new funds. For venture/growth the return over the last 10 years amounts to 17.0% and over the last 5 years it is 41.0%.

Investments in secondaries

The investments are made mainly in primary funds, but also in the secondary market by making commitments to secondary funds, or through own purchase and sale of secondary shares.

The market value assets in the secondary portfolio amounted to SEK 2.3 (1.9) billion, while the profit for the year before internal expenses came to SEK 1,018 (-139) million. No new commitments were made during the year. The profit level in this segment yields a return for the year of 49.7% (-10.3%). Secondary is a relatively new segment in the portfolio and cannot be measured for a 10-year trend. For the last 5-years the profit level is 18.1%.

TREASURY MANAGEMENT

At year-end, liquidity totaled SEK 8.6 (6.1) billion. This is the portion of AP6's capital that has not been invested as part of investing activities. Outcome for the treasury management amounted to SEK 362 (155) million.

Payment readiness is just one aspect of liquidity management. It consists of keeping funds on hand in bank accounts. However, some of the liquidity may also be invested in highly liquid interest-bearing securities (where there is low risk and adequate risk diversification). The size of funds set aside for payment readiness typically corresponds to around 1-3 months of the net cash outflow for investing activities. The results of treasury management are carefully monitored, with short-term and long-term forecasts on future cash flows. It is particularly important to consider the risks here, since AP6 is a closed-end fund and the lead times are long for investing in unlisted assets. When returns are high, there can also be periods when AP6 has excess liquidity. Accordingly, a long-term investment horizon must be applied. With the aim of achieving an adequate, risk-adjusted return, excess liquidity is thus invested at a higher risk than the amount set aside for payment readiness. Following this approach, AP6 invests 30% in five geographically widespread, passive stock

index. The remaining portion is invested in external fixed-income funds with balanced interest rate risk and credit risk. The management is thus considered to be very well diversified via the current broad exposure to equities and fixed-income investments.

Liquidity management must also consider the financial risks that could arise within the business, and any borrowing needs.

MANAGEMENT COSTS

The costs are divided into external and internal management costs and shared costs (Notes 4 and 5).

Internal management costs include staff costs and costs that are directly attributable to investing activities. Total costs for AP6 amounted to SEK 98 (89) million in 2021, with SEK 42 (40) million of this sum attributable to investing activities and liquidity management, while SEK 56 (49) million relates to joint costs.

Shared costs include staff costs for the Managing Director and shared specialist functions, plus the cost of premises, services purchased externally, IT and general office expenses. Because AP6's operations are not subject to VAT, input VAT cannot be deducted.

The external management costs attributable to investing activities are expensed as incurred and reported in unrealized gain/loss. In total, these costs amounted to SEK 677 (517) million, of which SEK 655 (506) million is attributable to the management costs for funds. The management costs for funds corresponds to 1.1% (1.3%) in relation to the total managed assets for funds, which, at year end, amounted to SEK 58.0 (40.5) billion. That amount consists of current market value and remaining committed capital. The cost, in SEK, for management activities typically increases in sync with the size of assets under management.

ORGANIZATION AND EMPLOYEES

AP6 is owned by the government and reports to the Ministry of Finance. AP6's organizational structure is based on the segments where investments are made, which are: buyout, venture, growth and secondary.

All skill sets in the AP6 organization are used in every evaluation of a potential investment. Based on knowledge and prior experience, processes and routines have been developed and implemented at AP6 for assessing investments in the most resource-efficient way.

The integrated collaboration that goes on at AP6 is based on a shared goal, where each function and employee understands the various parts and parameters associated with investment evaluations. It has resulted in a well-functioning integration of specialist expertise throughout the entire process. Complex issues can be dealt with in a very resource-efficient way, thanks to the involvement of various functions already in the early stages of the process.

Shared functions such as legal affairs, finance, business control, sustainability, HR and IT support the organization's investing activities. The head office is located in Gothenburg. At year-end, AP6 had 32 (31) employees. See Note 6 for additional information on staff. For more information on AP6's organization and employees, please visit the website, www.ap6.se.

EVALUATION AGAINST OPERATIONAL TARGETS

Under the Sixth AP Fund Act (2000:193), the Board of AP6 must carry out its own annual assessment of its management of the fund assets, i.e. a performance review. This assessment must be submitted to the government in conjunction with the presentation of the annual report and the auditors' report. It is presented in a separate report published on the AP6 website.

THE GOVERNMENT'S ASSESSMENT

The Ministry of Finance conducts an annual assessment of AP6's operations on behalf of the government. This is done for all AP funds with the assistance of external consultants. The assessment is presented in a written communication to the Swedish Parliament and published in conjunction with the government adopting the income statements and balance sheets for the year; this is normally done in May of the following year.

The assessment is primarily of the performance targets set by the Board and the extent to which investing activities achieved them. Analyses are also performed to assess the efficiency of the AP fund system from a general perspective. The latest document is published on the websites of the Swedish government and AP6.

RESPONSIBLE INVESTMENTS

The integration of sustainability in investments, the organization and leadership is an important starting point and a prerequisite for generating a long-term high return on the pension fund assets that AP6 is entrusted with managing. Another reason for working with sustainability is to comply with the legal requirements set out in the Swedish Environmental Code, which includes applying the precautionary principle. The starting point for AP6's efforts is international frameworks and agreements that define sustainability and the values of the Swedish State concerning human rights, democracy and sustainable development. The UN Sustainable Development Goals define a global action plan for transition to a sustainable society.

AP6 is a signatory of the UN Principles for Responsible Investment (PRI) and the 10 principles of the UN Global Compact that addresses human rights, labor rights, environment and anti-corruption. AP6 has pledged to act in accordance with these principles. AP6 has processes in place for assessing and specifying requirements on sustainability prior to investing and during the ownership phase. Regardless of the type of investment, there must be models for setting requirements, follow-up and control as well as deviation reporting that leads to action. Each year, the Board adopts goals for sustainability. The Sustainability Committee assists the Board in a drafting capacity in matters concerning sustainability. AP6 reports annually according to GRI (Global Reporting Initiative) as well as through the PRI reporting and assessment framework which is focused on responsible investments.

In 2021, AP6 added new talent to the organization for its work with sustainability. The goals for sustainability were also developed in 2021 by specifying concrete targets to align the investment portfolio with the Paris Agreement. New goals were also adopted, aimed

at increasing the availability and quality of sustainability information. Human rights was added as a new focus area for sustainability in addition to the prior focus areas.

AP6'S FINANCIAL INSTRUMENTS AND THEIR IMPACT ON PERFORMANCE

International Financial Reporting Standards (IFRS) are a set of internationally accepted regulations and AP6 continually assesses the way in which its annual report can be changed and improved in order to provide a fair and transparent view of operations. These regulations require significant disclosures on financial instruments. Disclosures in accordance with IFRS 7 are meant to make it possible for a reader to assess the importance of financial instruments to AP6's financial position and performance, as well as the nature and extent of the financial risks resulting from holdings and to which AP6 is thus exposed. A description is provided below of how the financial instruments impact performance, financial position and risks that exist for current holdings, as well as how these risks are managed.

To begin with, it should be mentioned that under the Sixth AP Fund Act (2000:193), financial instruments must be valued at fair value. For a financial instrument, fair value is defined as the amount at which an asset could be transferred, or a liability settled. This must take place between knowledgeable parties that are independent of each other and have an interest in the transaction being carried out. AP6 classifies its assets at fair value according to the following valuation hierarchy. The levels are set based on the market data available on the date of valuation

Fair value hierarchy SEK Million	Level 1	Level 2	Level 3	Total fair value
Shares and fund units	8,073	–	59,854	67,927
Interest-bearing securities	2	-1,569	298	-1,269
Cash	875	–	–	875
Closing balance 31 December	8,950	-1,569	60,152	67,533

Level 1) Quoted prices are available in active markets for identical assets and liabilities.

Level 2) Financial instruments that do not belong to level 1 instead belong to level 2 if there are quoted prices on inactive markets or if the value can be derived from quoted prices (in this context, currency derivatives).

Level 3) There is no observable market data that can be used on asset.

Change within level 3 for the year* SEK Million	Buyout	Venture/ Growth	Secondary	Total
Opening balance 1 January	31,310	5,520	320	37,150
Investments	10,225	1,462	556	12,243
Value changes*	17,881	4,519	998	23,398
Divestments	-12,095	-873	-1,270	-14,238
Exchange rate differences and other adjustments	1,287	189	123	1,599
Closing balance 31 December	48,608	10,817	727	60,152

As of 2021, the portfolio is divided into segments rather than business areas.

* Derivative instruments for foreign currency hedging are not included in level 3. The closing balance may thus differ slightly from the figures specified in the main text. Co-investments for existing listed holdings are also adjusted.

As is apparent from the table above, the majority of AP6's invested capital is classified as level 3. This means that in many cases no market data are available when the assets are to be valued. Only in a few cases does AP6 need to estimate the company value based on own assessments. In these few instances, the IPEV principles are used as the framework for performing the valuation. Valuation using multiples is the process most frequently used, which involves identifying comparable assets (the peer group) and obtaining their market values for comparison. These consist of a cluster of similar companies, usually listed, which are reminiscent of the company to be valued. An upturn in the stock market is likely to lead to higher multiples, thereby also leading to higher valuations in an unlisted portfolio. In times when the stock market is turbulent, a certain degree of caution must also be exercised when the valuation is partly based on multiples. Triangulating a value that is as fair as possible also involves using alternative valuation methods such as, for example, valuation according to the latest round of financing or models based on future cash flows. The private equity funds in which AP6 invests apply the same valuation methods outlined above.

The funds report the market value at the end of each quarter, which means that the AP6 annual financial statements are based on values reported in the third quarter. Profit for the year is thus based on reports that range from the start of the third quarter of 2020 through the end of the third quarter of 2021, which means that profit for the year includes four quarters, but with a lag of one quarter.

In the case of AP6's listed holdings, up-to-date market data are obtained at the end of the financial year. Investments of this kind thus do not have any element of estimation in the valuation process.

RISKS IN AP6'S OPERATIONS

Each year, AP6 conducts a thorough review of risks, which involves documenting the risks associated with its operations. Each area of

risk has its risk-drivers and these are analyzed. Afterwards, each risk and its likelihood of occurring are discussed, along with the impact it would have on operations. Mitigating factors are then identified, along with the level of net risk deemed acceptable. The work is led by the risk function and results are reported to the senior management team and Audit Committee, or, to the Sustainability Committee for matters pertaining to sustainability. As with most organizations, there are many risks that must be managed. Below is a list of the six risks considered to be most significant to AP6.

Market risk: Market risk is the risk that a fair value or future cash flow from an investment will vary due to changes in the market. The market risks that predominantly affect AP6 are share price, currency and interest rate risks. Since both fund investments and co-investments are exposed to these risks, they are monitored continuously. A maximum of 10% of AP6's assets, valued at market value, may be exposed to currency risk. For this reason, AP6 uses derivative instruments to hedge the currency risk. AP6's market valued assets in foreign currency at the end of the year amounted to SEK 53,720 (30,947) million; of this sum assets in USD were the largest individual currency with a market value of SEK 18,963 (9,009) million. SEK 53,001 (29,944) million of the total market value was hedged, providing a currency exposure of 1.2% (2.9%) in relation to the assets under management. In line with the established investment policy, AP6's target is for currency exposure to be within the range 0-7.5%.

Credit and counterparty risk: This arises as an effect of the inability or unwillingness of a fund or company to carry out its contractual obligations or other commitments, a factor which could lead to losses. In these cases, AP6 is working to diversify the portfolio so that its exposure to individual holdings will not be too high. Risk is also managed by having the Board of Directors each year decide on the focus of future allocation plans.

Liquidity risk: This risk is best described as the risk of a financing crisis. One of the ways in which liquidity risk arises is when assets, liabilities and commitments have different maturities. As AP6 does not have any inflows or outflows to the pension scheme, AP6 only needs to consider its own investing activities. Unlike other buffer funds, there is no legal requirement on the proportion of assets that must be placed in investments with a low liquidity risk. AP6's target is for the liquidity reserve to normally account for 5-10% of AP6's total managed assets. There is also a credit facility that can be utilized if a need for financing arises.

Performance risk: Refers to the risk that a holding fails to perform in accordance with the objectives set in, for example, the ownership plan or business plan. AP6 monitors its investments by being an active owner, with the aim of having a representative on the fund Advisory Board. AP6 is also sometimes represented on the Board of Directors for some companies, depending on the ownership share. The financial development of investments is continuously monitored and reported in various forums within AP6.

Operational risks: It covers the risk of financial loss as a result of human error, inadequate processes, external events or faulty systems.

The ways in which AP6 manages these risks include documenting and mapping different process flows. In addition, employees continually develop their skills via training.

Sustainability risks: These risks exist in all types of operations, but AP6's exposure is primarily associated with its investing activities in companies and funds. The sustainability risks vary, based on company's or fund's operations and geographic locations. Types of risks include: violation of human rights or labor laws, corruption, environmental damage and climate risks. AP6 manages its sustainability risks by systematically reviewing and assessing them prior to an investment, then, working continually with them during the ownership phase. Another component of risk management is the annual goals for AP6's systematic sustainability work, set by the Board.

THE SIXTH AP FUND'S PERFORMANCE 2012-2021 (10 YEARS)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Trend in return, %	9.2	9.2	6.5	12.2	6.5	12.3	9.6	8.2	20.4	49.1
Target return ¹	20.2	30.0	19.5	15.4	10.5	16.2	-0.6	31.4	15.5	14.6
Unlisted benchmark ²	1.1	7.5	15.9	6.9	8.3	6.6	13.1	7.1	-3.8	–
Fund capital, SEK bn	20.2	22.1	23.6	26.4	28.1	31.6	34.7	37.5	45.2	67.3
Profit/loss summary, SEK m										
Profit/loss before costs	1,838	1,982	1,561	2,994	1,827	3,587	3,143	2,953	7,738	22,273
External management costs	-21	-24	-22	-21	-13	-31	-8	0	0	0
Internal management costs and shared costs	-116	-98	-98	-106	-92	-86	-93	-95	-89	-98
Profit/loss for the year	1,701	1,860	1,441	2,867	1,722	3,470	3,042	2,858	7,649	22,175

1. Benchmark index:

2012-2020 Listed benchmark SIX Nordic 200 Cap GI +2.5%.

2021 Unlisted benchmark, median fund covering all unlisted strategies and geographic locations, adjusted for 10% liquidity requirement (based on data from Burgiss, see the separate description on this in the Directors' Report.

2. Burgiss Europe, median all assets. Adjusted for normal liquidity. A new target replaces the benchmark as of 2021.

SIXTH AP FUND'S PROFIT/LOSS AND FUND CAPITAL BY SEGMENT

SEK Million	Profit/Loss						Return before costs, %	Market value
	2017	2018	2019	2020	2021	Total	2017-2021	assets 2021-12-31
Buyout ¹	2,586	1,834	1,664	6,974	16,600	29,658	22.1	48,114
Venture/Growth ¹	712	1,446	670	748	4,293	7,869	40.9	8,386
Secondary ¹	151	157	191	-139	1,018	1,378	18.1	2,297
Liquidity & risk management	107	-302	428	155	362	750	–	8,633
Shared assets, net ²	–	–	–	–	–	–	–	-98
Internal management costs	-41	-46	-44	-40	-42	-213	–	–
Shared costs	-45	-47	-51	-49	-56	-248	–	–
Total	3,470	3,042	2,858	7,649	22,175	39,194	19.1	67,332

1. As of 2021, the portfolio is divided into segments rather than business areas. Historical figures have been reallocated.

2. Shared assets, net, consists of other working capital.

INCOME STATEMENT

SEK Million	Note	2021	2020
Investing activities			
Net gain/loss, listed shares and participations		450	245
Net profit/loss, unlisted shares and participations	2	21,604	7,446
Dividends received		185	10
Other financial income and expenses	3	34	37
Management costs	4.6	-42	-40
Shared costs	5.6	-56	-49
Profit/loss for the year		22,175	7,649

BALANCE SHEET

SEK Million	Note	2021-12-31	2020-12-31
ASSETS			
Investment assets			
Shares and participations in listed companies and funds	7.8	8,073	5,239
Shares and participations in unlisted companies and funds	7.9	59,854	36,872
Other interest-bearing instruments	7.10	300	282
Total investment assets		68,227	42,393
Receivables and other assets			
Derivative for currency hedging		68	1,760
Other current receivables	11	118	5
Prepaid expenses and accrued income	12	43	42
Cash and cash equivalents	7	875	1,270
Total receivables and other assets		1,104	3,077
TOTAL ASSETS		69,331	45,470
FUND CAPITAL AND LIABILITIES			
Fund capital			
Initial capital		10,366	10,366
Retained earnings		34,791	27,142
Profit/loss for the year		22,175	7,649
Total fund capital		67,332	45,157
Current liabilities			
Derivative for currency hedging		1,637	39
Accrued expenses	14	145	136
Other current liabilities	15	217	138
Total current liabilities		1,999	313
TOTAL FUND CAPITAL AND LIABILITIES		69,331	45,470

NOTES

All amounts are in millions of Swedish kronor (SEK million) unless otherwise stated.

Note 1 Accounting policies

The Sixth AP Fund (AP6) complies with the provisions of the Sixth Swedish National Pension (AP) Fund Act (2000:193). This Act came into force on 1 January 2001. The Annual Report has been prepared in accordance with Swedish GAAP. Due to the law governing AP6, all investments must be measured at fair value in AP6's accounting. No changes took place in AP6's accounting policies in 2021.

Accounting according to IFRS

IFRS is a set of internationally accepted accounting rules and AP6 therefore continuously evaluates changes taking place in this area. AP6 meets the definition of an investment entity as per IFRS 10. AP6 must decide what is relevant for each individual standard and then assess the data that should be presented in order for an external reader to obtain a true and fair view while also ensuring that the Annual Report remains clear. It has been determined that the year's results are consistent with IFRS. As with the other AP Funds, a separate cash flow statement is not prepared for the annual report. This is an exception to IFRS.

Recognition and measurement of unlisted securities

In accordance with law, AP6's investments must be valued at fair value. All valuations, both internal and external, are carried out in accordance with good practice for unlisted assets, where the IPEV (International Private Equity and Venture Capital Valuation Board, www.privateequityvaluation.com) guidelines and recommendations provide the framework. To ensure that all externally managed assets (such as fund investments and co-investments) are measured at fair value, both European and US funds carry out their valuations in accordance with IPEV or a similar framework. Furthermore, they prepare their annual reports in accordance with IFRS 13 or the US GAAP requirements stipulated in ASC 830. In just a few cases, AP6 establishes values through its own assessments, which are carried out at year-end. The focus is on companies whose value in relation to the total portfolio is significant. The measurement of unlisted holdings includes a significant degree of judgment, as a result of which any changes in the assumptions made can have a significant impact on results. When AP6 makes its own valuations, it strives to use a combination of the valuation methods most suitable for showing the investment's fair value and thereby providing a true and fair result.

Annual reports are always compiled using the most recent and reliable information. AP6 is required by law to issue its annual report in February of each year. When preparing that report, however, the valuations of fund investments and co-investments as per year-end are not yet available to us. Neither is it possible to make an own assessment of the value of these holdings, which means that, when AP6 prepares the year-end closing, it uses the third quarter reporting from fund managers instead. In all instances, adjustment is made afterwards for the cash flows that occur through to year-end. For the companies where AP6 establishes the value itself however, the following valuation techniques are used:

Transaction price as per the latest round of investments

AP6 has investments involving third party transactions. If such transactions have taken place during the financial year, they form an important part of the valuation. Share issues directed at existing shareholders (so-called internal rounds) must also be taken into consideration. If internal rounds indicate a write-down, a more detailed analysis must be made, and if a company has been unsuccessful in its attempts to attract an external party, this could indicate that interest in the company is minimal. In such cases a write-down of the holding should be considered. In all cases, events that have taken place between the timing of the transaction and the timing of recognition are taken into consideration.

Discounted cash flow

This method involves measuring the value of the company on the basis of discounted future continuous cash flows. Thereafter, the relevant net interest-bearing debt is subtracted. Future cash flows are discounted to a present value based on a risk-adjusted interest rate. The required return used in the model, and thus for the investment, must correspond to the average expected market rate of return for a portfolio with a comparable level of risk and investment horizon. In those cases where the investment at the time of measurement does not yet show a positive cash flow, and an alternative valuation showing a more accurate value has not been performed, a more cautious estimate of the value of the company should be made. In such cases, the market value of the investment is often its cost of acquisition, or lower.

Net asset method

This method is appropriate for property or finance companies, whose value consists primarily of the company's net assets. Afterwards, consideration is given to comparable listed companies value as regards a premium or discount to net asset value.

Valuation using multiples

This valuation technique is the most common and is often based on multiples such as EV/EBITDA and EV/Sales. Valuation using multiples is traditionally easier to implement in the case of more mature companies because of the availability of listed comparable companies for reference (peer groups). In the case of individual small companies, it may be difficult to identify comparable companies for valuation using multiples. This often results in a more cautious valuation which is instead based on discounted cash flow or the transaction price as per the latest round of investments.

Other accounting policies

Revaluations of unlisted holdings are recognized in the Income statement under the heading Net gain/loss, unlisted shares and participations, and are also detailed in Note 2.

Purchases and sales of financial instruments are recognized on the trade date.

Convertible loans are reported under Shares and participations

in unlisted companies and funds and recognized at amortized cost.

For funds, the cost of acquisition refers to all payments that have been made, excluding external management costs. External management costs are expensed and recognized as part of the year's unrealized value change, in Note 2. The total amount is also provided in the running text of Note 4.

Changes in the value of unlisted securities, whether realized or unrealized, are recognized in the Income statement under Profit/loss for the year. The realized gain/loss represents the difference between the sales proceeds and the carrying amount on the date of sale.

AP6 manages some specific investments via dedicated holding companies. When a holding company's holdings are sold, there is revaluation to the transaction value. Once the dividend and payment is received by AP6, the unrealized gain/loss will be recognized. Typically, it takes some time before AP6 receives the dividend, once the holding in the holding company has been sold. So, AP6 may report that an investment has been sold even though it has not yet received the dividend.

Recognition and measurement of listed securities

Assets in which the fund's capital has been invested are recognized in the Annual Report at fair value. Listed assets are comprised of shares, derivative instruments and fund units.

The fair value is based on quoted prices at the close of business on the last trading day of the year. Transactions involving spot rates, options, forward contracts and swaps are recognized on the date that the material risks and rights are transferred between the parties, i.e. on the trade date. This principle applies to transactions on the money and bond markets, as well as the equity markets.

For shares and other securities, the cost of acquisition includes brokerage fees and other direct costs relating to the purchase. The realized gain/loss is measured on an average cost basis. The last traded price on the last trading day of the year is usually used for valuation. If the closing price (traded price) is not considered representative because of special circumstances in a particular market, a price quoted at a different time may be used to measure fair value.

Positions in derivatives are measured at fair value and recognized in the same item as the instrument's underlying asset class.

Changes in value, whether realized or unrealized, are recognized in the Income statement as Profit/loss for the year. Capital gain/loss is the difference between sales proceeds and the cost of acquisition. Capital gain/loss is the gain/loss arising on the disposal of investment assets.

Recognition and measurement of debt securities

The extent of investments in debt securities varies in line with changes in the fund's liquidity reserve, the size of which depends on acquisitions and disposals of holdings. In respect of acquisitions of debt securities, the asset is recognized in the Balance sheet under the item Other debt securities. Any interest accrued at the time of acquisition is recognized as accrued income. Quoted prices are available for all debt securities that AP6 invests in, excluding investments in accounts with credit institutions, such as deposit accounts. All assets must be measured at market value, with value changes recognized in the Income Statement together with accrued interest in Note 3, "Other financial income and expenses".

Management costs

AP6's management costs are split between external and internal management costs as well as shared costs. External management costs relating to management fees for listed and unlisted holdings are expensed as incurred and reported in the income statement in

unrealized gain/loss. There is no capitalization of management fees or acquisition costs for investments.

Internal management costs, which primarily comprise the cost of AP6's own employees working in investment activities, are expensed as incurred together with shared costs, which primarily refer to personnel costs relating to the managing director and shared specialist functions, as well as the cost of premises, IT costs and general office expenses.

Internal and external management costs are accounted for separately in Notes 4 and 5.

Performance-based remuneration is not included in external management costs but instead reduces the capital gain/loss in respect of the asset under management. No such remuneration was paid in 2021.

Other accounting policies

Consolidated accounts have not been prepared because shares and participations in subsidiaries must be measured at fair value.

AP6 is a public authority and therefore not a legal entity, and consequently not a parent company.

Receivables are recognized at the net realizable value. Liabilities are measured at amortized cost. Equipment purchases are written off on a continuous basis.

Realized and unrealized gains/losses are reported as net amounts in the Income statement. Gross amounts are reported in the Notes.

AP6 is exempt from income tax and the activities are not liable for VAT. However, AP6 is liable to pay VAT on purchases of foreign goods and services. Input VAT cannot be claimed and is instead entered as a cost to the business.

Assets under management comprise initial capital and retained earnings. The initial capital consists of transfers from the former Fondstyrelserna 1–3 (Swedish National Pension Fund, Boards 1–3) and a sum of SEK 366 million, which represents the residue from the winding up board for Fund 92–94. AP6 is not liable for payments into or out of the pension system.

Related parties

Defined as companies or funds in which AP6 has a holding of at least 20% and/or in which it has significant influence. Key individuals in leading positions are also defined as related parties. Participating interests in companies and funds are accounted for in Note 9. Remuneration to senior executives is accounted for in Note 6. Remuneration has been evaluated by an external consultant, who has reached the conclusion that the remunerations are fair and in line with government guidelines. All transactions between companies and funds are conducted on market terms as part of investing activities.

Commitments to investments

With regard to investments in private equity funds, a contractual commitment is made to invest a certain amount of capital. The capital is invested over time and paid out in line with investments. When payment is made, and cost of acquisition is known, the holding is reported in Note 9. The difference between committed capital and capital paid out, plus any amounts to be reinvested, is recognized as a commitment and presented in Note 16.

Note 2 Net profit/loss, unlisted shares and participations

	2021	2020
Realized		
Income from disposals	13,981	7,211
Capital invested	-5,626	-2,315
Reversed value change on divested holdings	-8,482	-3,549
	-127	1,347
Unrealized		
Value change for the year	22,703	5,978
Exchange rate difference	-972	121
	21,731	6,099
Total	21,604	7,446

Note 3 Other financial income and expenses

	2021	2020
Interest income	17	18
Interest expenses	-3	-1
Exchange rate difference	20	20
	34	37

Note 4 Management costs

	2021	2020
Internal management costs		
Personnel costs	36	36
Other external services	1	1
Travel expenses, etc.	0	0
Charged VAT	1	1
Other costs	4	2
Total	42	40

There were no performance-based costs in 2021 (-).

External management and acquisition costs attributable to holdings in unlisted funds and co-investments amounted to SEK 655 (506) million and SEK 22 (11) million, respectively. At year-end, all management costs had been expensed. They are reported in the year's value change on unrealized holdings in Note 2.

Liquidity management holdings include listed funds, for which management fees are deducted directly from the holding. Such fees amount to approximately SEK 3.4 (1.9) million and they impact each fund's market value.

Note 5 Shared costs

	2021	2020
Personnel costs	37	31
Premises costs	6	6
IT costs	5	4
External services	1	1
Management costs	1	2
Travel expenses, etc.	0	0
Charged VAT	2	2
Other costs	4	3
Total	56	49

Shared personnel costs include costs for the Managing Director and the support organization.

Management costs include remuneration to audit firms as follows:

	2021	2020
Audit assignment		
Statutory audit (PwC)	0.7	0.7
Other audit (PwC)	-	-
Total	0.7	0.7

Note 6 Personnel

Government guidelines on the terms and conditions of appointment of senior executives

In 2009, the government issued new guidelines on the terms of employment of senior executives in the AP funds. They cover restrictions on: variable remuneration (none), pension benefits and retirement age. The same restrictions apply for other employees, but variable remuneration is allowed, even though AP6 does not offer it. "Senior executives" means members of the senior management team. The guidelines on the terms and conditions of employment at AP6 are published on www.ap6.se.

Applied regulations for remuneration and benefits in 2021

The Board of Directors decides the total annual salary revision and any variable remuneration. Remuneration levels are compared to market at regular intervals. The Boards' view is that the remuneration and benefits to all employees must be fair, moderate and competitive.

All employees are covered by collective agreements between the Employer's Organisation of the Swedish Banking Institutions and the Swedish Union of University Graduates of Law, Business Administration and Economics, Computer and Systems Science, Personnel Management, Professional Communicators and Social Sciences/the Swedish Association of Graduates in Business Administration and Economics/the Swedish Association of Graduate Engineers and the Swedish Confederation of Professional Associations.

Salaries and benefits

The salaries, fees and benefits of the Board and AP6 employees, by category, is shown further on in this note. Remuneration to senior executives is accounted for under a separate heading.

Pensions

The Managing Director and other senior executives are entitled to a pension at the age of 65. The Managing Director has an individual pension insurance (corresponding to 30% of the fixed cash monthly salary). Other senior executives have either a defined contribution pension plan (corresponding to 30% of the fixed monthly salary) or a defined benefit plan in accordance with the applicable collective agreement. AP6 does not have any commitments concerning future pensions and pension terms and conditions.

For senior executives, pension contributions may exceed 30% of salary if the terms in the collective agreement specify that.

Severance pay

Terms and conditions of employment are negotiated on an individual basis. For termination of employment at the request of AP6, a period of notice of up to six months shall apply and salary and other benefits will remain unchanged. According to the Board's guidelines, an executive may receive severance pay equal to a maximum of 18 months' salary, but AP6's policy for severance pay not to exceed 6 months. For earlier employment contracts, there may be an exception from this policy. Severance pay is paid on a monthly basis and comprises the fixed monthly salary without any additional benefits. Deductions are made for remuneration received from other sources during the severance pay period.

Incentive schemes

AP6 does not have an incentive scheme for any of its employees.

Decisions on fees and remuneration

Board fees are determined by the Government. Remuneration amounts to SEK 200,000 per year for the Chair, SEK 150,000 for the Deputy Chair and SEK 100,000 for other Board members. No remuneration other than Board fees were paid to AP6's Board.

Every year, the Board determines the Managing Director's salary, as well as any salary revisions for staff.

Remuneration to the Board of Directors

In 2021, remuneration was paid to Board members. Remuneration to Board members was as follows (SEK/year): Catrina Ingelstam 200,000, Karin Reuterskiöld 100,000, Åsa Knutsson 100,000, Alexander Ljungqvist 100,000 and Urban Lindskog 150,000.

Remuneration to senior executives

According to government guidelines, the salaries and remuneration, pension expenses and other benefits of senior executives other than the managing director should also be disclosed.

The Managing Director and senior executives at year-end 2021 were as follows: Katarina Staaf, Cecilia Gross Friberger, Jonas Lidholm, Karl Falk, Mats Lindahl, Ulf Lindqvist, Henrik Dahl and Anna Follér (from 1/7 2021).

The total amount of salaries and remuneration paid were as follows, in the same order as above: 3.4 SEK m, 1.8 SEK m, 2.0 SEK m, 2.1 SEK m, 2.1 SEK m, 1.8 SEK m, 1.9 SEK m and 0.7 SEK m.

Pensions, excluding employer's contribution, are as follows: 1.0 SEK m, 0.8 SEK m, 0.6 SEK m, 0.6 SEK m, 0.6 SEK m, 0.5 SEK m, 0.6 SEK m and 0.4 SEK m.

In addition to salaries, other remuneration and pensions, the following benefits were received: 16 SEK t, 24 SEK t, 16 SEK t, 16 SEK t, 28 SEK t, 3 SEK t, 28 SEK t and 7 SEK t.

		2021	2020
Average number of employees	Men	15	13
	Women	16	17
		31	30
Number of employees*	Men	17	13
	Women	15	18
		32	31
Board of Directors	Men	2	2
	Women	3	3
		5	5
Senior Management	Men	5	5
	Women	3	2
		8	7

* The full-time/part-time categories are not reported due to the exemption rule in the legislation that says this information should not be disclosed if it could be linked to a specific individual.

	2021	2020
Salaries and fees		
Chair of the Board	0.2	0.2
Board of Directors, excl. Chairman	0.5	0.4
Managing Director	3.4	3.4
Senior Management, excl. Managing Director	12.5	11.6
Other employees	25.4	23.4
Total	42.0	39.0
Other benefits		
Managing Director	–	–
Senior Management, excl. Managing Director	0.1	0.1
Other employees	0.4	0.5
Total	0.5	0.6
Pension expenses		
Chair of the Board	–	–
Board of Directors, excl. Chair	–	–
Managing Director	1.0	1.0
Senior Management, excl. Managing Director	4.1	3.5
Other employees	7.5	7.0
	12.6	11.5
Social security expenses, incl. employers' contribution, excl. pension expenses	16.0	15.0
Personnel costs – Total	71.1	66.1

Note 7 Financial assets and liabilities by category

2021	Measured at fair value via the income statement	Derivatives at fair value via the income statement	Loans and other receivables/liabilities	Total carrying amount	Fair value
Financial assets at fair value	67,927	68	298	68,293	68,293
Other current assets	–	–	161	161	161
Short-term investments	2	–	–	2	2
Cash and bank balances	875	–	–	875	875
Total financial assets	68,804	68	459	69,331	69,331
Accounts payables	–	–	2	2	2
Other liabilities	–	1,637	360	1,997	1,997
Total financial liabilities	–	1,637	362	1,999	1,999

2020	Measured at fair value via the income statement	Derivatives at fair value via the income statement	Loans and other receivables/liabilities	Total carrying amount	Fair value
Financial assets at fair value	42,111	1,760	280	44,151	44,151
Other current assets	–	–	47	47	47
Short-term investments	2	–	–	2	2
Cash and bank balances	1,270	–	–	1,270	1,270
Total financial assets	43,383	1,760	327	45,470	45,470
Accounts payables	–	–	3	3	3
Other liabilities	–	39	271	310	310
Total financial liabilities	–	39	274	313	313

Note 8 Shares and participations in listed companies and funds

Holding	Number of shares/ units of participation	Share of equity, %	Share of voting power, %	Fair value, SEK million
Equity				
Orexo	768,850	2.2	2.2	26
Pagero AB	10,609,920	6.9	6.9	182
Tobii	129,811	0.1	0.1	5
Asset class and manager for liquidity management				
Index fund				
SEB				832
Swedbank Robur				855
Fixed-income funds				
SEB				1,993
Swedbank Robur				1,962
Mixed funds				
Amundi				2,218
Total				8,073

Brokerage fees paid in 2021 amount to approximately SEK 0.7 (0.7) million.

Note 9 Shares and participations in unlisted companies and funds

	2021-12-31	2020-12-31
Funds	36,936	21,218
Co-investments	22,918	15,654
Total market value unlisted shares and participations	59,854	36,872

Ten largest holdings of unlisted shares and participations, for each category

Funds	Share of equity %*
AlpInvest Co-Investment Fund (Lux Feeder) VII, SCSp	23.6
Creandum III L.P.	18.6
Creandum IV L.P.	13.7
EQT IX (No.1) EUR SCSp	1.0
EQT VII (No.1) L.P.	2.3
EQT VIII (No.1) SCSp	1.8
Nordic Capital IX Alpha, L.P.	4.7
Northzone VIII L.P.	7.1
Permira VI L.P.	1.4
Sixth Cinven Fund (No.2) L.P.	1.0

AP6 has about a hundred active fund investments. The ten largest are presented above and they represent approximately 19% of the total market value.

Co-investments	Investment	Share of equity %*
Adagio Co-Invest L.P.	Allegro	5.5
Atos Medical Co-Invest SCSp	Atos	10.2
BC European Capital X – Navigator Co-Investment (2) LP	Navex	25.2
Cinven Envirotainer Limited Partnership	Envirotainer	100.0
EQT All-Star Co-Investment (C) SCSp	Anticimex	17.7
EQT VIII Co-Investment (A) SCSp	SuSe	6.6
IVC New TopHolding S.A.	IVC	1.7
Kite Co-Investment Limited Partnership	Kyriba	32.3
NC Vinland Co-invest Beta, L.P.	Clario	16.4
OneMed Top Holding AB	OneMed	18.5

AP6 has around 60 active co-investments. The ten largest are presented above and they represent approximately 18% of the total market value.

Total cost	36,976
Change in value	22,878
TOTAL MARKET VALUE	59,854

*Refers to share of equity in the investment.

A full list of all unlisted shares and participations is available at www.ap6.se/en/under Documents/Annual Report.

Note 10 Other interest-bearing instruments

	2021	2020
Short interest-bearing securities	2	2
Loans to unlisted companies	298	280
Total	300	282

Note 11 Other current receivables

	2021	2020
Transactions not yet liquidated at year-end	113	–
Other	5	5
Total	118	5

Note 12 Prepaid expenses and accrued income

	2021	2020
Prepaid management fee	38	38
Other prepaid expenses and income	5	4
Total	43	42

Note 13 Liabilities to credit institutions

	2021	2020
Confirmed credit limit	1,500	2,000
Uncommitted credit limit	1,500	1,500
Unutilized part	-3,000	-3,500
Utilized amount of credit	0	0

Utilized amount of credit is regarded as short-term and temporary financing with an estimated maturity of less than a year. All credit limits exist within the existing Group account structure.

Note 14 Accrued expenses

	2021	2020
Accrued management fee	138	129
Other	7	7
Total	145	136

Note 15 Other current liabilities

	2021	2020
Transactions not yet liquidated at year-end	213	133
Accounts payables	2	3
Other	2	2
Total	217	138

Note 16 Contingent liabilities and commitments

	2021	2020
Contingent liabilities	74	69
Commitments – capital committed, not yet paid out	22,703	18,744
Total	22,777	18,813

Note 17 Significant events after the financial year-end

There have not been any significant events outside the scope of regular operations subsequent to year-end.

The annual report for 2021 has been adopted by the Board

Gothenburg, 21 February 2022

Catrina Ingelstam
Chair of the Board

Urban Lindskog
Deputy Chair of the Board

Åsa Knutsson
Board member

Alexander Ljungqvist
Board member

Karin Reuterskiöld
Board member

Katarina Staaf
Managing Director

Our audit report was submitted on 21 February 2022

Magnus Svensson Henryson
Authorised Public Accountant
Appointed by the Swedish Government

Peter Nilsson
Authorised Public Accountant
Appointed by the Swedish Government

AUDITOR'S REPORT

For the Sixth AP Fund, CIN 855104-0721

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts for the Sixth AP Fund for the year 2021. The annual accounts of the Sixth AP Fund are included on pages 44-59 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Sixth Swedish National Pension Fund Act (2000:193) and present fairly, in all material respects, the financial position of the Sixth AP Fund as of 31 December 2021 and its financial performance for the year in accordance with the Sixth Swedish National Pension Fund Act.

The statutory administration report is consistent with the other parts of the annual report.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet.

Basis for opinions

We conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of The Sixth AP Fund in accordance with the professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OUR AUDIT APPROACH

Focus and scope of the audit

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the fund, the accounting processes and controls and the industry in which the fund operates. The Sixth AP Fund invests directly and indirectly in unquoted equity instruments to obtain return on investment, primarily through increase in values. Our audit has focused on the investments in unquoted equity instruments and the matters relating to ensure a fair presentation of investments when they are acquired, at their disposal and during the holding period.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS

This document also contains other information than the annual accounts and is found on pages 1-43. The Board of Directors and the Managing Director are responsible for this other information. Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure, we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Sixth Swedish National Pension Fund Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors and the Managing Director are responsible for the assessment of the fund's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the fund, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts. As part of an audit in accordance with ISAs, we

exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists relate to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinions about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we have identified.

REPORT ON OTHER LEGAL AND OTHER REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts, we have audited the inventory of assets managed by the Sixth AP Fund. We have also examined whether there are any remarks against the Board of Directors' and the Managing Director's administration of the Sixth AP Fund for 2021.

The audit has given no reason to remark on the inventory of the assets or any other aspect of the administration.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities

section. We are independent of The Sixth AP Fund in accordance with the professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the administration of the Sixth AP Fund's assets in accordance with the Sixth Swedish National Pension Fund Act.

The Board of Directors is responsible for the Sixth AP Fund's organization and the administration of its affairs. This includes among other things continuous assessment of the Sixth AP Fund's financial situation and ensuring that the Sixth AP Fund's organization is designed so that the accounting, management of assets and the Sixth AP Fund's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the Sixth AP Fund's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective for the audit of the administration is to obtain audit evidence to assess, with a reasonable degree of assurance, whether there are any remarks regarding the Board of Directors' or the Managing Director's administration of the Sixth AP Fund for the year 2021.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have a particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion.

Stockholm, 21 February 2022

Magnus Svensson Henryson
*Authorised Public Accountant
Appointed by the Swedish
Government*

Peter Nilsson
*Authorised Public Accountant
Appointed by the Swedish
Government*

SUSTAINABILITY APPENDIX

As a state-owned pension fund, it is important that AP6 remains aware of, and in tune with, stakeholder expectations regarding a wide spectrum of issues. Operations are however ultimately governed by the Sixth National Pension Fund Act (2000:193). In addition to the ongoing dialogue with owners, employees, investments, NGOs and others, AP6 conducts a targeted and in-depth materiality assessment regularly. One component in this assessment is the stakeholder dialogue. AP6 always maintains a continuous dialogue with its stakeholders, but in 2020, AP6 mapped stakeholders based on a broad perspective of those who are most impacted by AP6 and vice versa (see illustration). The analysis was conducted by AP6 employees and subsequently approved by the executive management team and Board of Directors. Stakeholders with the most impact on AP6, and those who are most significantly impacted by AP6 were contacted and asked to complete an online survey, which was designed in collaboration with an external consultant.

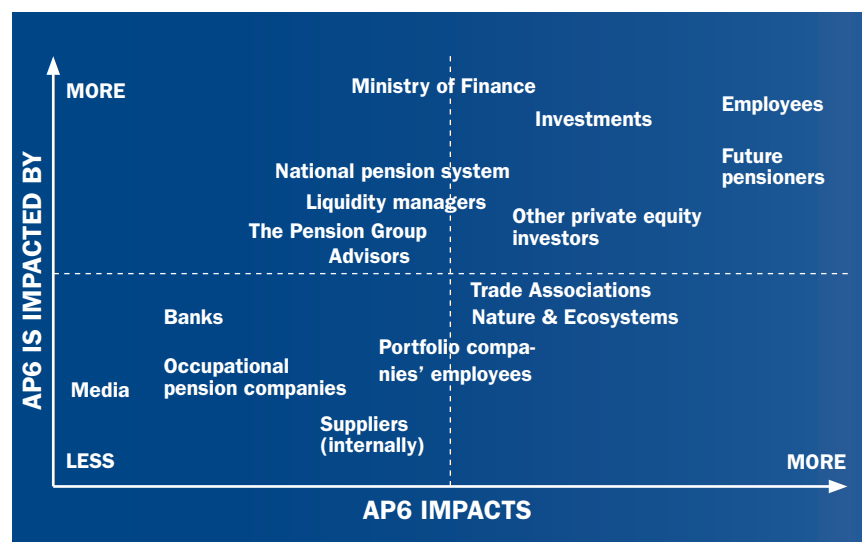
The results revealed that stakeholder expectations on AP6, as a pension fund manager, are largely unchanged compared to previous years. Generating high returns for pensioners and maintaining public confidence are prerequisites for AP6's existence. Making responsible investments remains an important component of being able to fulfill this mandate. Other important aspects are having a well-functioning organization, skilled employees, openness, transparency and good governance, all of which form the basis for generating a stable, sustainable return to the Swedish pension system over time.

There was consensus among stakeholders on the importance of integrating sustainability issues in the investment process. Climate change has the highest priority of all sustainability topics, even though a

wide range of other sustainability issues are relevant to consider in a diverse, unlisted investment portfolio. There was also a broad consensus on AP6's sustainability approach and what is important to develop going forward. For all categories of stakeholders, the fundamentally most important priority for AP6, as a state-owned pension fund, is generating a long-term, high return. Colleagues in the finance sector, trade unions and NGOs also highlighted the importance linking climate issues and the UN Sustainable Development Goals to AP6's investing activities. Climate has been a focus area within AP6's responsible investment approach for a number of years. Other high priority areas revealed from AP6's engagement with stakeholders are equality and diversity, and the newly added area of human rights. Results from stakeholder engagement also reveal that there is high confidence in AP6 as an organization, both in the investment

process and in the ownership phase. The level of confidence was also high for AP6's overall sustainability approach and sustainability reporting.

Stakeholder engagement was used as part of AP6's materiality assessment, which is updated comprehensively on a regular basis (most recently in 2020). The purpose of the materiality assessment is to ensure that the organization is working with the most material sustainability issues that it impacts, and is impacted by. It also ensures that stakeholders gain access to the information they need. AP6 also reviews the materiality assessment each year to ensure that it is relevant. In 2021, human rights was added as a focus area as a result of that. The entire AP6 organization has been informed about the selection and prioritizing of material sustainability areas, including the sustainability committee and Board, which has approved and adopted the analysis.



AP6's most important stakeholders, established by its Board of Directors

The stakeholder groups most affected by AP6 and vice versa, according to the stakeholder analysis, are shown in the upper right quadrant of this matrix. These are the stakeholder groups that participated in the 2020 survey. Future pensioners were represented by students and trade unions. Some NGOs were included as representatives for "Portfolio companies' employees" and "Nature & Ecosystems".

RESULTS OF AP6'S STAKEHOLDER ENGAGEMENT

Stakeholder group	Examples	Means of engagement	Questions and focus areas	AP6's response
Employees	Current and future employees	Employee survey, internal and external surveys	Return, equality and diversity, terms of employment and development	Work Environment Policy, Equality and Diversity Policy, training
Investments	Funds, co-investments, other investment partners, liquidity managers	Investment processes, meetings, business relations, networks, evaluations	Return, responsible investments, appropriate processes, transparency	Code of Conduct, Investment Policy, Ownership Policy, ESG assessment
Owner	Ministry of Finance, The Pension group	Annual reporting and evaluation, targeted meetings	Return, responsible investments, transparency, anti-corruption	Code of Conduct, Investment Policy, Ownership Policy, exclusion criteria, annual report
Beneficiaries	Current and future pensioners	Meetings with representative organizations, media, surveys	Return, responsible investments, transparency, ethics	Code of Conduct, Investment Policy, Ownership Policy, exclusion criteria
Nature and ecosystems	NGOs	Meetings with representative organizations, media, surveys	Climate, return, transparency, responsible investments	Code of Conduct, exclusion criteria, sustainability goals, ESG assessment
Finance market	Trade associations Other LPs, AP funds, banks	Investment processes, meetings, business relations, networks, evaluations	Return, responsible investments, transparency, ethics, appropriate processes	Annual report, Investment Policy, collaboration with other AP funds
General public	Employees of portfolio companies, Swedish taxpayers and citizens, media	Evaluation and review of media, interviews	Return, responsible investments, confidence and transparency	Annual report, Code of Conduct, Ownership Policy

RESULTS OF AP6'S MATERIALITY ASSESSMENT

Topic	Materiality and boundaries	Governance	Follow-up
Financial performance	AP6's purpose is to generate returns to the pension system through investments	Targets, investment organization and internal committees evaluate all investments	Analysis of financial reporting from investments, regular follow-up and feedback
Anti-corruption	Incompatible with AP6's sustainability work and ethical principles	Code of Conduct for employees and as an appendix in procurements, whistleblower function	Analysis of incoming cases and incidents in portfolio, training in code of conduct
Climate	Climate change affects both risks and opportunities for investments	Targets, evaluation of all investments, exclusion criteria, internal travel guidelines	Evaluation and measurement of investments' strategies and emissions, regular feedback
Employees, knowledge and development	AP6's employees are the most important tool for performing the task	Training package for employees	Annual follow-up on training hours
Gender equality and diversity	Diversity makes organizations more attractive and yields better results	Gender equality and diversity policy, targets, evaluation of all investments	Evaluation and measurement of the investments' D&I strategies and KPIs, regular feedback
Human rights	Risk for companies violates human rights must be identified and managed	Code of Conduct, evaluation of all investments	Evaluation and measurement of investment strategies, regular feedback
Active ownership and responsible investments	An active role as an investor requires ensuring governance and follow-up	Exclusion criteria, evaluation of all investments, participation in LPAC and close dialogue with managers	Evaluation and measurement of investments' sustainability agendas, regular feedback and dialogue

REPORT PROFILE

This is AP6's ninth sustainability report and it covers the calendar year 2021. It is published annually. The last report was published on 2021-02-26. AP6 has elected to report in accordance with GRI Standards at the Core level. The GRI report is part of the AP6 annual report and the Board of Directors is responsible for its preparation.

The contents are based on an analysis of AP6's impact. The analysis includes an assessment of the importance of every relevant issue and where the impact occurs. The analysis is based on GRI's principles for selection of content. No significant changes

have occurred since the previous year. The report covers every part of AP6's operations.

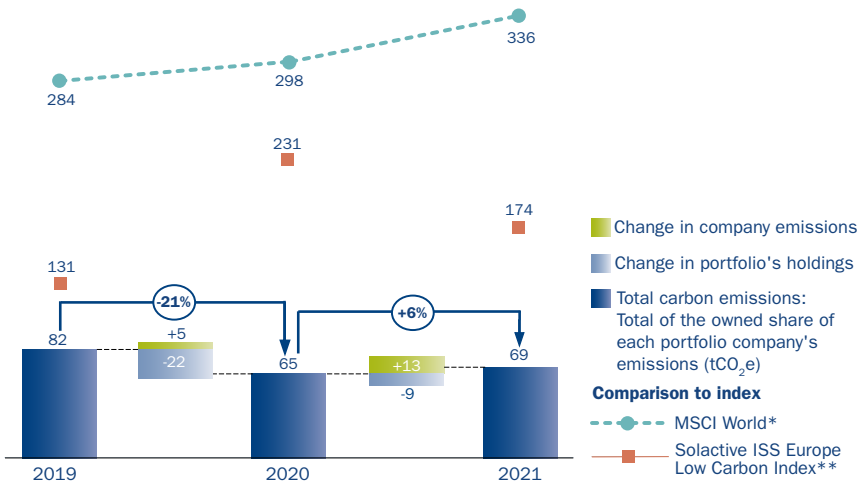
CLIMATE

AP6 measures climate impact from the portfolio and internal operations in accordance with the Greenhouse Gas Protocol's guidelines on an annual basis. Emissions are calculated for just over 90 portfolio companies, which corresponds to 64% (68%) of the total capital deployed within Scope 1, 2 and 3. Of these more than 90 companies, 47% (25%) reported CO₂ emissions and the remaining 53% have been estimated. Emissions in the portfolio companies'

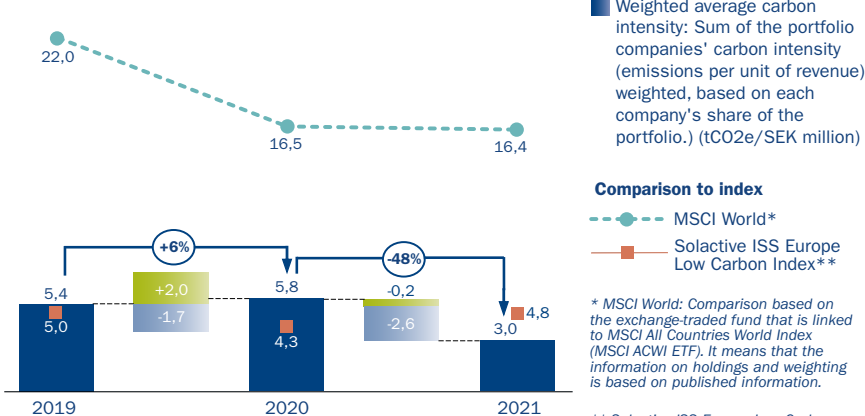
Scopes 1 and 2 are shown on page 64. Total emissions increased by 6% compared to 2020 and correspond to 20.5% of emissions from an equally large investment in a global index for listed companies, or 39.5% in a low-carbon index. This year's change is largely attributable to a few companies with high emissions that have been added to the portfolio. However, the weighted carbon intensity in relation to the share of companies' revenue was almost halved during the year as a result of reduced emissions from portfolio companies with a high weight. The portfolio's relative emissions per invested SEK remained largely unchanged at 2.57 (2.52) tCO₂ / SEK m. The weighted average carbon intensity was also unchanged at 4.51 (4.63) tCO₂ / SEK m.

An estimate of the portfolio companies' indirect emissions (Scope 3) has also been carried out, which for 2021 corresponded to 464 (221) thousand tons of CO₂. Emissions from AP6's own operations are calculated and climate compensated annually as well. See the compilation below. These emissions are almost entirely attributable to business travel and purchased energy. The calculation includes direct emissions (Scope 1), indirect emissions from purchased energy (Scope 2, market-based methodology) and indirect emissions from business travel and commuting (Scope 3). As in prior years, the calculations do not include the impact from high altitude emissions.

Total carbon emissions (Scope 1&2) (thousand tCO₂e)



Portfolio-weighted carbon intensity (Scope 1&2) (tCO₂e/MSEK)

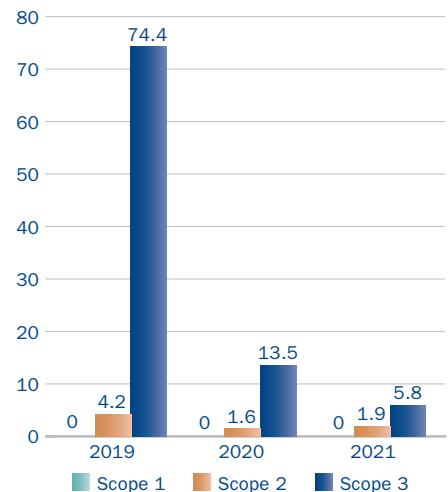


AP6's carbon footprint over time (2019-2021) is reported with two indicators, compared to a corresponding investment in two different indices.

* MSCI World: Comparison based on the exchange-traded fund that is linked to MSCI All Countries World Index (MSCI ACWI ETF). It means that the information on holdings and weighting is based on published information.

** Solactive ISS Europe Low Carbon Index: Comparison based on the latest holdings list for the index. For more information, see www.solactive.com/indices/

Carbon footprint (excl. Investments)



In 2021, AP6's emissions from operations decreased compared to 2020 due to the COVID-19 pandemic preventing business travel.

ANTI-CORRUPTION

In AP6's role as a manager of a public pension fund, there must never be any element of corruption in the business or its investments. Several measures are in place to manage the corruption risks. AP6 has a Code of Conduct in place that all employees are trained in. Furthermore, AP6 also has a zero tolerance policy for gifts and clear guidelines for representation expenses, engagements outside AP6 and related parties to reduce risks in interaction with fund managers and suppliers. It is in these interactions where AP6 has identified the greatest risks for corruption. The Code of Conduct is included as an appendix to agreements with suppliers.

Suspected incidents can be reported in AP6's anonymous whistleblower channel, to the immediate manager or their manager, or to fund managers. No reports were made to the whistleblower system in 2021. AP6 evaluates potential investments and continuously monitors holdings using external tools to identify early-stage corruption incidents. No corruption incidents were identified in 2021.

UN GLOBAL GOALS

In 2021, an analysis of AP6's impact on the UN Sustainable Development Goals (SDGs) and targets was carried out. AP6 concluded that it can have the greatest impact on primarily five of the SDGs. Based on the composition of the portfolio in terms of sector, geography and strategy, AP6 can impact: Goal 8 (Decent Work and Economic Growth), Goal 9 (Industry, Inno-

vation and Infrastructure) and Goal 12 (Responsible Consumption and Production). These are relevant for most of the holdings. There are also targets associated with these SDGs that are relevant for all companies. Within the scope of the overall goals, AP6 is able to contribute to their achievement by pursuing structured sustainability work in its own organization and in the investments. The other two SDGs that AP6 can impact are: Goal 5 (Gender Equality) and Goal 13 (Climate Action). This can be done by focusing on these areas in all the portfolio investments.

PRI'S ANNUAL ASSESSMENT

As a signatory of PRI, AP6 reports each year in accordance with PRI's reporting framework. Based on the report, PRI compiles a confidential assessment report, where A+ is the highest possible rating. This is the score that AP6 received for the most recent report in 2020. For 2021, AP6 reported in accordance with PRI's updated reporting framework. AP6 has not yet received the assessment report from PRI, which is why an updated score has not been included in this report.

OTHER

AP6 is not covered by the requirements for sustainability reporting in the Annual Accounts Act, but reports voluntarily. This also means that the auditors have conducted a review of the sustainability report as prescribed by law, but no other assurance procedures have been performed. For information or comments on the sustainability report, please contact:

Anna Follér
Head of Sustainability
anna.foller@ap6.se

COMMITMENTS, AFFILIATIONS

UN Global Compact, UNGC, www.unglobalcompact.org/
UN Principles for Responsible Investments, UNPRI, www.unpri.org
CDP (previously Carbon Disclosure Framework), www.cdp.net
ESG Data Convergence Project, www.ilpa.org/esg_data_convergence_project



Signatory of:



GLOBAL COMPACT AND PRI

AP6 is a signatory of the UN Global Compact, and remains committed to implementing and integrating the principles of human rights, labor rights, environment and anti-corruption in its operations and to influencing other companies to follow the Global Compact.

The Sustainability Report also contains the 2021 Communication on Progress for AP6's Global Compact commitments.

AP6 is also a signatory of the UN Principles for Responsible Investment (PRI). AP6 is thus committed to considering, among other things, environment, social aspects, and business ethics prior to an investment or during ownership. AP6 also actively strives to promote the PRI principles in the PE sector.

AP6 participates in relevant PRI working groups aimed at sharing knowledge and experiences regarding sustainability in the context of unlisted investments and helping promote the PRI principles in the private equity sector. For more information on AP6's responsible investment activities, please see the annual report to PRI, www.unpri.org

AUDITOR'S STATEMENT ON THE SIXTH AP FUND'S SUSTAINABILITY REPORT

For the Sixth AP Fund, CIN: 855104-0721

Assignment and delegation of responsibility

The Board of Directors is responsible for the Sustainability Report for 2021. The Board is also responsible for ensuring that the Sustainability Report has been prepared in accordance with the Sixth AP Fund's principles for sustainability reporting.

Focus and scope of the review

Our review was conducted in accordance with FAR's recommendation RevR 12, Auditor's report for companies preparing the statutory sustainability report. It means that our review of the sustainability report has a different focus and a much smaller scope compared to the focus and scope of and audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We feel that this review has provided an adequate basis for our opinion.

Opinion

A sustainability report has been prepared.
Stockholm, 21 February 2022

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorised Public Accountant

MEMBERSHIPS

Invest Europe, www.investeurope.eu
Institutional Limited Partners Association, ILPA, www.ilpa.org/
Swedish Private Equity & Venture Capital Association, SVCA, www.svca.se/
Swedens Forum for Sustainable Investments, SWE-SIF www.swesif.org/
Initiative Climat International

2021 GRI index for the Sixth AP Fund

Reporting area	GRI Standard	Disclosure	Page in annual report	Comment
STRATEGY AND ANALYSIS				
102-14	102: 2016	Statement from the Managing Director	8-9	
PROFILE OF THE ORGANIZATION				
102-1	102: 2016	Name of the organization	44	
102-2		Activities, brands, products, and services	44	
102-3		Location of the organization's head office	46	
		Countries where the organization operates	30-31	
102-4		Ownership	46	
102-6		Markets	44	
102-7		Scale of organization	30-31, 46	
102-8		Employees	37	
102-41		Collective bargaining agreements	54	
102-9		Supply chain	35	
102-10		Significant changes during the year	64	
102-11		Precautionary principle	46	
102-12		External initiatives	65	
102-13		Memberships	65	
MATERIAL ASPECTS AND BOUNDARIES				
102-45	102: 2016	Scope of financial/sustainability reporting	64	
102-46		Process for content and boundaries	62-63	
102-47		Material aspects	62-63	
103-1		Internal boundaries for each aspect	62-63	
103-1		External boundaries for each aspect	62-63	
102-48		Restatements of information	64	
102-49		Changes in reporting	64	
STAKEHOLDER ENGAGEMENT				
102-40	102: 2016	Stakeholders	62-63	
102-42		Process for selection of stakeholders	62-63	
102-43		Stakeholder engagement	62-63	
102-44		Key topics and concerns of stakeholders	62-63	
REPORT PROFILE				
102-50	102: 2016	Reporting period	64	
102-51		Date of most recent report	64	
102-52		Reporting cycle	64	
102-53		Contacts	65	
102-54		Level for reporting	64	
102-55		GRI Index	66-67	
102-56		External audit	65	
GOVERNANCE				
102-18	102: 2016	Governance of sustainability issues	5, 38-39	
ETHICS AND INTEGRITY				
102-16	102: 2016	Code of Conduct	35, 65	www.ap6.se/en

2021 GRI index for the Sixth AP Fund

Sustainability issue	GRI Standard	Disclosure	Page in annual report	Comment
FINANCIAL PERFORMANCE				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	14-27	
103-3		Follow-up	14-27	
201-1	201: 2016	Performance and return	6	
ANTI-CORRUPTION				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	34, 35, 62, 65	
103-3		Follow-up	34, 35, 62, 65	
205-1	205: 2016	Number and percentage of operations assessed for risks related to corruption and the significant risks identified		The corruption risks are evaluated in 100% of AP6's investments
205-3		Corruption incidents during the year and action taken	65	
			65	
CO ₂ EMISSIONS				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	36	
103-3		Assessment	36	
305-3	305:2016	Indirect CO ₂ emissions from business travel	64	
305-3		Indirect CO ₂ emissions from investments	64	
EMPLOYEES				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	35	
103-3		Assessment	35	
401-1	401: 2016	Employee turnover	35	*
TRAINING AND EDUCATION				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	35	
103-3		Assessment	35	
404-1	404: 2016	Average hours of training per year per employee	35	**
DIVERSITY AND EQUAL OPPORTUNITIES				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	37	
103-3		Assessment	37	
405-1	405: 2016	Diversity of governance bodies and employees	37	
HUMAN RIGHTS				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	34, 46, 48	
103-3		Assessment	34, 46, 48	
412-3	412: 2016	Significant investments that have undergone review of risks for human rights violations	18, 22	Risks for human rights violations are evaluated in 100% of AP6's investments
ACTIVE OWNERSHIP				
103-1	103: 2016	Materiality and boundaries	62-63	
103-2		Governance	23-25	
103-3		Assessment	23-25	
FS10***	GRI G4 Sector Disclosures – Financial Services	Percentage and number of companies held in the portfolio where AP6 has interacted on sustainability issues	25	Positive and negative sustainability evaluation is done for 100% of AP6's investments
FS11***		Percentage of assets analyzed from a sustainability perspective	15-25	

* The categories gender/age and full-time/part-time are not reported due to the exception rule in the legislation which states that the information must not be divulged if it can be traced to specific individuals.

** The division into the categories gender/age is not considered useful due to the limited size of staff and is therefore not reported.

*** GRI Financial Services Sector Supplement is not a formal part of the GRI Standards, but is considered to be a relevant supplement for AP6.

DEFINITIONS AND GLOSSARY

Buffer funds – The AP funds are public pension funds that have existed in Sweden since the 1960s. They have changed in character, number and focus over the years. The five AP funds (AP1-4 and AP6) are buffer funds and they are included as a minor portion of the income pension system's assets. The Seventh AP Fund manages the funded capital of the premium pension system. As of 2009 and for approximately 25 years into the future, pension disbursements will exceed the pension contributions. The AP Funds are mandated to even out the temporary variations between pension contributions and pensions disbursements. They must also contribute to the long-term financing of the pension system.

Buyout – Unlisted mature companies with an established business model that have established a market position and have a positive cash flow. It is an English expression that originates from transactions where an investor "buys out" the existing owners in an unlisted company.

Co-investing – This is when a Limited Partner (LP), such as AP6, has invested in a fund and then invests directly in a company together with the fund.

Compliance – Adherence to regulations.

Corporate Governance – A collective term to describe issues relating to the way companies are governed. Central to the concept of corporate governance is the relationship between the various executive and shareholder functions of a company (general meeting of shareholders, board of directors, managing director).

Direct investment – With a direct investment, the investor obtains a holding in the form of shares in the unlisted company. This gives the investor direct ownership in the company.

Due diligence – a work process and method for gathering and analyzing information about a company or a fund prior to making an investment.

ESG – Acronym for environmental, social and corporate governance.

EV/EBITDA – Calculated by dividing the company's enterprise value by the operating profit (before depreciation and amortization, net financial items and tax).

EV/Sales – Calculated by dividing the company's enterprise value by sales.

Fund investment (unlisted assets) – The market for fund investments is comprised of a variety of different private equity firms with different focuses and profiles. A private equity firm that would like to establish a new fund and is seeking investors for that, thus engages in fundraising. The new fund will have a specific size as regards the total amount invested. Investors who have notified that they are interested (such as pension funds, insurance companies, etc.) are then allocated a share of the new fund. The investors make a commitment, which means that they commit to paying in a certain amount corresponding to their share of the fund. If there is much interest from potential investors, they may not be given the opportunity of investing the entire amount that they were willing to commit. It may also be the case that some investors are not given the opportunity to invest at all. That happens when the fund is oversubscribed and there simply aren't enough allotments for all of the investors wanting to participate. Once the shares in the new fund have been allocated, the fundraising stage is officially over. However, the amounts that the various investors have committed are not paid in a lump sum. Rather, payments from investors are made at the rate that the fund acquires companies. A typical fund has a lifespan of about 10 years. During that time, the fund typically invests in around 15-20 companies. These companies are developed in a way that will generate higher value. The fund is closed once all of the companies have been divested and the invested capital, including the gains, have been distributed to the investors.

Fund capital AP6 – The initial capital allocated to the Sixth AP Fund at inception, together with accumulated profits/losses. AP6 covers its own costs. Profits from investments are continually reinvested.

General Partner (GP) – the private equity firm that manages the fund. Typically, a GP manages several funds.

Global Reporting Initiative (GRI) – An international reporting framework for organizations' economic, environmental and social impact.

Governance – see corporate governance.

Sustainability Report – A report describing how a company, PE firm, pension funds and other investors work with economic, environmental and social issues.

ILPA – Institutional Limited Partners Association. International trade association for investors in private equity funds.

Indirect investment in an unlisted company – With a fund investment, the investor obtains indirect ownership. It occurs from the investor obtaining a holding in a fund, which in turn invests in the unlisted company. The fund is the formal owner of these companies, while the investor in the fund has an indirect ownership in the company. See also Fund investments.

Invest Europe – European trade association for private equity funds. Included here is buyout, venture and infrastructure.

IPEV – International Private Equity and Venture Capital Valuation Board.

IRR – Internal rate of Return. Describes the return on an investment in the form of interest.

Carbon Footprint – a measure of an investment portfolio's carbon dioxide emissions and it comprises the investor's share of the portfolio companies' total emissions.

Limited Partner (LP) – an investor in a fund, such as AP6.

Management fee – Refers to fees paid for the management of a fund.

Market value assets – Listed securities valued at market value at year-end and unlisted securities valued according to IPEV principles. See Note 1 for more details.

Unlisted assets – These are primarily unlisted companies, which means companies that are not traded on a stock exchange.

Operative share % – Refers to the ownership interest in a private equity fund irrespective of legal structure. The legal ownership is reported in Note 9.

Principles for Responsible Investment (PRI) – Six principles that investors can adopt and which encourage companies to incorporate



environmental, social responsibility and corporate governance issues into their investment analyses, decision-making processes, guidelines and procedures. The principles were initiated by the UN and launched in 2006.

Risk Capital or Private Equity (PE) – Both of these are collective terms for unlisted assets. Typically, it refers to unlisted companies, i.e. specific unlisted companies (i.e. not traded on a stock exchange), in part unlisted companies and in part funds investing in unlisted companies.

Private Equity Fund – see Fund investment.

Profit/loss – The total change in the value, both realized and unrealized, of assets, returns in the form of interest and dividends, less external management fees and internal expenses.

Risk premium – The compensation required by an investor in return for investing in shares, for instance, rather than investing in risk-free assets.

Scope 1, 2, 3 – Measurement of carbon emissions gathers direct and indirect emissions into three groups: Scope 1 consists of direct emissions from sources owned or controlled by the reporting entity. Scope 2 consists of indirect emissions generated from purchased electricity, heating or cooling. Scope 3 consists of other indirect emissions that are a consequence of the reporting entity's activities, but which occur from sources owned or controlled by another entity, for instance production of materials and fuel, supplier and customer transports, waste management, etc.

Secondary – This is when an investor wants to sell its share before the fund is closed. Typically, this requires a customized solution that brings together several interested investors. With a secondary transaction, a main player typically solves various problems for a number of investors, while simultaneously creating new opportunities.

Structural capital – A company's or organization's shared intellectual capital, collected and documented in the systems of the company/organization.

SVCA – Swedish Private Equity & Venture Capital Association.

UN Global Compact – Ten principles about companies and human rights, labor rights, the environment and anti-corruption, which companies can support and which were launched by the UN in 1999.

Code of Conduct – The Board of AP6 has established and adopted a code of conduct that describes the values that apply to the business and is intended for use by employees, partners and investments. The Code of Conduct is actively communicated to these groups.

Core areas covered by the Code of Conduct are:

- Employee and stakeholder training and know-how
- Requirements for business partners and holdings in companies and funds
- Anti-corruption, bribes and gifts
- Human rights and social justice
- Environmental principles and considerations
- Compliance, dialogue and consequences/controls

Committed capital – When an investor decides to invest in a fund, it is for a specific amount (which is the commitment made). That amount is later paid out in installments. It is paid at the rate that the fund invests in companies.

See also Fund investments.

Venture – Newly started companies with a business concept that typically will require capital over a long period of time before the company succeeds in establishing a market position and generating a profit.

Fair value – Fair value is defined as the amount at which an asset could be transferred or a liability settled, between parties who are independent of each other but who both have an interest in ensuring that the transaction goes ahead. In normal circumstances this means that listed assets are valued at the purchase price (market value) and that the fair value of unlisted assets is estimated using generally accepted valuation models.

Visit our website for more information

More information about the organization, investing activities, holdings, sustainability, etc. is available on AP6's website. There are also reports and documents that can be downloaded.

www.ap6.se/en



Production: Sixth AP Fund
together with Silo Design
Photos: Johan Olsson
Printed: Lenanders 2022



Köpmansgatan 32, 411 06 Gothenburg

Visiting address

Gothenburg - Köpmansgatan 32, HQ

Stockholm - Norrlandsgatan 16

Tel. +46 (0)31 741 10 00

www.ap6.se/en

info@ap6.se