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Sustainable value creation at Första AP-fonden

The Swedish Parliament has tasked Första AP-fonden (AP1) with delivering long-term high returns at a low risk. This has to be achieved while simultaneously taking into consideration ethics and the environment, but not at the expense of the target of obtaining a high return. AP1's ambition in the fields of sustainability and active ownership is high. As a long-term owner with a limited number of holdings, the Fund has excellent potential to exercise its active ownership and make a positive contribution to developments in the portfolio companies.

Revolutionary changes regarding the climate, digitalisation, demographics and globalisation are increasing the demands on companies and investors. Developments will make it increasingly costly for companies not to use resources efficiently. AP1 is therefore convinced that investments in sustainable companies, which are committed to using natural resources, human resources and financial capital more responsibly than others, will entail a lower risk and probably generate a higher return in the long term.

A sustainability assessment is already integrated and documented in the investment decisions today. The Fund is now taking a further step forwards; this document outlines an intensified effort to make profitable investments in the companies best positioned to create a good return at a lower risk based on the efficient use of resources.

Focus on sustainability – goals and approaches

1. Continuous competence development

Sustainable value creation and resource efficiency are areas that are developing fast. AP1's employees are central to ensuring high-quality evaluations of investment objects. To ensure this quality, employees will receive continuous further training in the field of sustainability.

2. Annual sustainability reviews

The portfolio is evaluated continuously from a sustainability perspective. This forms part of the evaluation of the holdings' attractiveness as continued investment objects. The results are reported annually.

3. Dedicated investments

AP1 actively seeks dedicated sustainability investments with a high potential return and an acceptable level of risk. The focus is on investments where in its capacity as a long-term, engaged owner, AP1 can help to fund innovative initiatives to increase resource efficiency. The aim is to increase this part of the portfolio substantially up to 2030. Selected examples are described in the Annual Report.

4. Greater transparency regarding the Fund's sustainability work

AP1 aims to help highlight sustainability as a successful investment criterion by reporting the results of its work as transparently as possible. Employees are encouraged to be active spokespersons to raise awareness of the Fund's working approach.

Putting an exact figure on what AP1's approach means as regards return and global sustainability work is not possible at the present time. Therefore, the Fund is contributing actively to the development of relevant new measurement methods. At present, for example, the Fund reports its investments in relation to the UN's 17 Sustainable Development Goals and the long-term development of the holdings' carbon footprint.