



Press Information

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# The Swedish National Pension (AP) Funds coordinate the way carbon footprints are reported for investment portfolios

**The Swedish AP Funds, the First, Second, Third, Fourth, Sixth and Seventh AP Funds, have agreed to coordinate the way carbon footprints are reported. The AP Funds will all report their carbon footprints with three indicators.**

All AP Funds have measured their individual carbon footprints for 2014. To increase transparency and the ability to assess their work on climate issues, the AP Funds have agreed to coordinate the way in which the carbon footprints are reported.

As long-term owners and managers of Swedish pension assets, the AP Funds have a responsibility to generate maximum possible benefit for the Swedish pension system through responsible investment and management. The Funds are tasked with investing and managing their investments in a sustainable manner.

The carbon footprint of an investment portfolio describes the amount of greenhouse gas emissions the companies that the AP Funds invest in emit. Due to differing investment strategies and allocations to different financial assets, the carbon footprints generated by the AP Funds' investments vary in size.

Henceforth, the AP Funds' carbon footprints will be calculated as per December 31 of the current year, based on the latest available carbon dioxide data for direct emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). The First, Second, Third, Fourth and Seventh AP Funds will calculate and report the carbon footprints for their portfolios of listed equities, based on the size of their equity interest. The Sixth AP Fund will report these indicators for its non-listed portfolio, based on its equity interests.

Carbon footprints will be reported using the following three indicators, which are currently the most common:

1. The absolute carbon footprint for the portfolio of equities, corresponding to the percentage of total emissions (tCO<sub>2</sub>e) equivalent to the Fund's equity interest in a company
2. Carbon intensity, where the absolute carbon footprint is related to the Fund's equity interest in the company's market value (tCO<sub>2</sub>e/MSEK)
3. Carbon intensity, where the absolute carbon footprint is related to the Fund's equity interest in the company's revenue (tCO<sub>2</sub>e/MSEK)

The AP Funds will also include information on the proportion of capital assets assessed, as well as the amounts based on reported and estimated carbon dioxide emissions data respectively.

**See also the attached fact sheet which describes how carbon footprints can give valuable information to investors, but also the limitations.**

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The Swedish AP funds manage capital of the national pension system. All persons that work, receive salaries and pay taxes in Sweden receive a public pension, which consists of income pension and premium pension. The AP funds have different roles within the pension system. First, Second, Third and Fourth AP fund manages the buffer in the income pension – to them capital is transferred if it is a surplus and from here capital is taken when there is a deficit in pension payments. The Sixth AP Fund is also a buffer fund in the pension income but is a closed fund - no new capital is entering or leaving the fund. The Sixth AP Fund invests only in non-listed companies. Seventh AP Fund is different from the others as it manages capital in the premium pension system. Seventh AP Fund AP7 Safa is the default choice in the premium pension system. The AP funds also have different investment strategies and allocate capital in different ways.

More information about the AP Funds at: [www.apfonderna.se](http://www.apfonderna.se)