

Press Release, 7 February 2007

AP funds coordinate ethics activities and set up a joint Ethical Council

Through the formation of an Ethical Council, Sweden's national pension buffer funds, AP1, AP2, AP3 and AP4, have coordinated their SRI analysis of environmental and ethical compliance in the foreign companies where the funds have holdings. The collaboration will involve monitoring of the funds' investment portfolios with regard to violation of international conventions, analysis and dialogue with the portfolio companies. This collaboration does not extend to Swedish companies, for which the respective AP funds will continue to conduct their own dialogues and analyses.

In a recent procurement of consulting services for ethical and environmental analysis, the four AP funds* all chose the same supplier, GES Investment Services. The funds' collaboration will be based on a systematic screening of their investment portfolios in order to identify and examine possible infringement of international norms and conventions, an analysis for which GES has been given responsibility. In addition, GES will support the funds with assistance in individual dialogues, analyses, advice and coordination of the Ethical Council's activities.

A total of around 3,500 companies will be reviewed, which, based on earlier experience, typically leads to the identification of some twenty candidates for more in-depth assessment. Every year, the ambition is to conduct an active dialogue with around ten companies that can be associated with infringement of international conventions in areas related to the environment, human rights and labour rights. Coordination of the AP funds' activities will give international investors a powerful partner in Sweden with an active commitment to the ethical and environmental aspects of corporate social responsibility.

"Within the framework of our common mission, we see good opportunities to cooperate in this area. By joining forces we will enable us to avoid redundant efforts and concentrate our resources on the most urgent areas for improvement," says AP1's **Nadine Viel Lamare**, who will be the Ethical Council's first Chairman.

"Together the funds have net assets under management of around SEK 800 billion, which in itself provides greater scope to influence individual companies than if each fund were to act independently, and we will also be able to conduct more parallel discussions. Furthermore, by coordinating our activities we will facilitate collaboration with other international stakeholders who are actively committed to ethical and environmental compliance," she adds.

AP1 has previously cooperated with other investors in a number of successful dialogues with multinational corporations which have changed their routines and policies in response to pressure from the Fund. Most recently, the US-based Marriott hotel chain was

persuaded to revise its human rights policies with a focus on combating child sex tourism.

The Ethical Council's is made up of one representative from each of the AP funds. Chairmanship of the Ethical Council, which is initially held by AP1's representative Nadine Viel Lamare, will be alternated between the funds.

Decisions to exclude companies from the investment portfolio will be made by the individual funds.

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* First, Second, Third and Forth Swedish National Pension Funds (AP1, AP2, AP3 and AP4)