

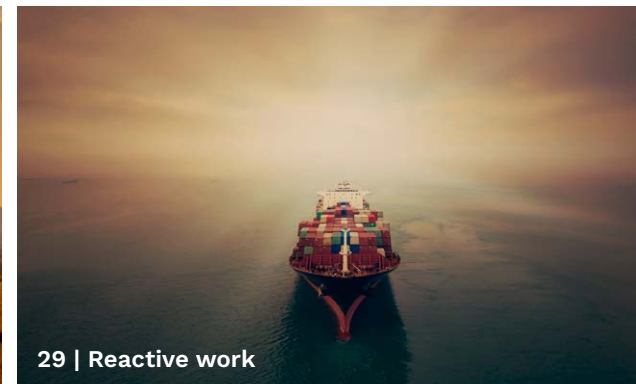
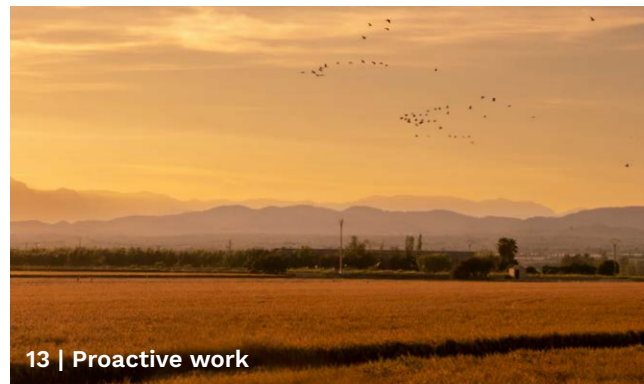
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# Annual report 2024

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Responsible ownership through dialogue and engagement.  
A collaboration between the First, Second, Third and Fourth AP Funds.

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## 2024 in brief

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## About the Council on Ethics

The Council on Ethics is a collaboration between the First, Second, Third and Fourth Swedish National Pension Funds (AP Funds).

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## Proactive work

The Council on Ethics' proactive work addresses complex sustainability challenges and systemic risks with the aim of creating positive change.

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## Reactive work

In its reactive work, the Council on Ethics acts on signals of severe violations identified in the screening of the AP Funds' portfolios.

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## Governance and history of the Council on Ethics

The AP Funds established the Council on Ethics in 2007 and today it constitutes a significant part of the AP Funds' sustainability strategies.

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Photo: Peter Nilsson, Alexander Donka, Getty images, iStockphoto, Shutterstock, Pixabay and Unsplash.

# 2024 in brief

# 3,307

companies were included in the screening of the foreign listed equities and credits in the AP Funds' portfolios <sup>1</sup>

# 47

 companies in dialogue at the end of the year

In cases where violations have been identified in the screening, dialogues with companies are initiated. A total of 77 reactive dialogues were conducted during 2024.

# 8

 companies with resolved dialogues during the year

The Council on Ethics sets clear goals and expectations for the dialogues, which are continuously followed up. When the goals are achieved, the dialogue is resolved.

# 34

 dialogue milestones were reached during the year

A reactive dialogue with a company is usually ongoing for several years. The companies' handling of the issue is measured against clear intermediate milestones.

[Read more about the reactive work on page 29 »](#)

# 174

companies in dialogue during the year – both proactive and reactive

## A year of active engagement efforts

The role of the Council on Ethics is to encourage companies to make improvements in sustainability and to support the AP Funds in complex sustainability areas, that are important for people, the environment, and society, and that create value in the companies. The Council on Ethics works both reactively in response to signals of severe violations in the AP Funds' portfolios, and proactively to address prioritised sustainability risks.

During 2024 the Council on Ethics has intensified its engagement efforts, particularly within the five focus areas in the proactive work. The outcomes during 2024 also show continued progress in the reactive company dialogues. For example, dialogues with eight companies were resolved as the companies have achieved the objectives that had been set, and a total of 34 milestones were reached during the year. In total, dialogues – both proactive and reactive – were conducted with 174 companies in 2024.

# 17.5%

of the market value of the AP Funds' holdings in foreign listed equities and credits are covered by projects within the Council on Ethics' proactive work <sup>1</sup>

# 5

 focus areas for the proactive work

The Council on Ethics' focus areas address complex sustainability challenges and systemic risks that affect both the AP Funds' investments and society at large.

- Antimicrobial resistance (AMR)
- Child labour and forced labour
- Climate transition
- Tech companies and human rights
- Water

# 10

 projects in the proactive work

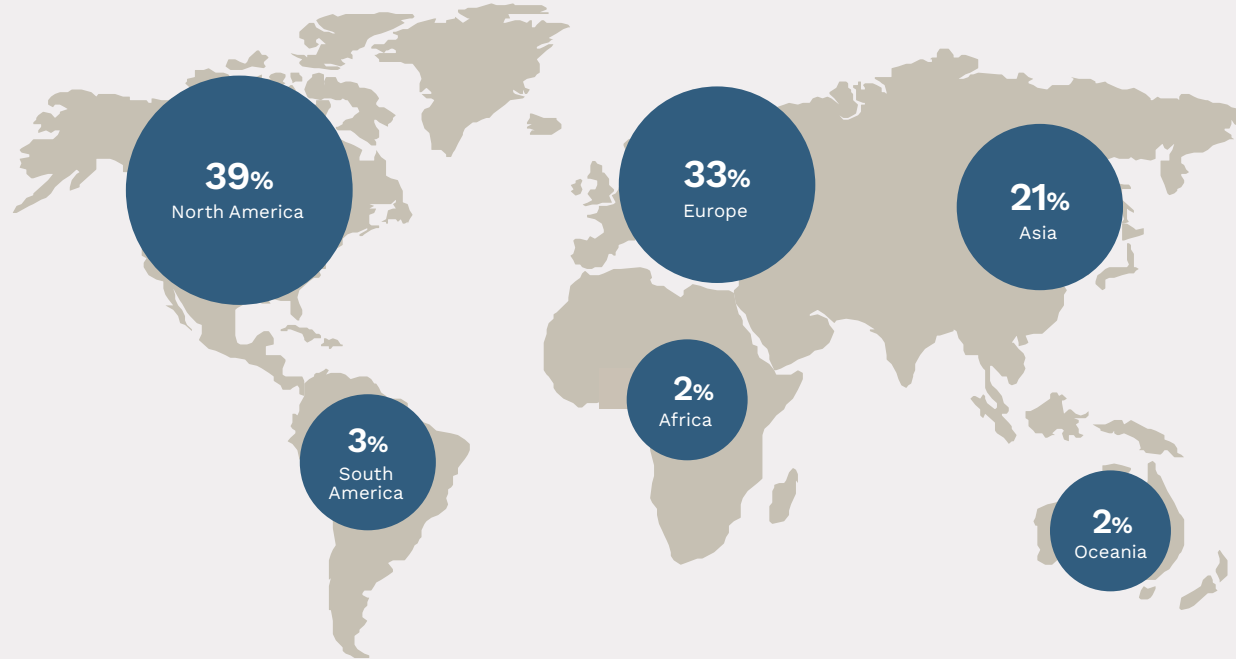
In 2024, the Council on Ethics has conducted proactive work in 10 projects, of which two are new and two have been completed during the year.

[Read more about the proactive work on page 13 »](#)

<sup>1)</sup> Holdings as of 30 June 2024

# Global approach to complex sustainability challenges

Companies in dialogue, by region (based on where the companies are listed)

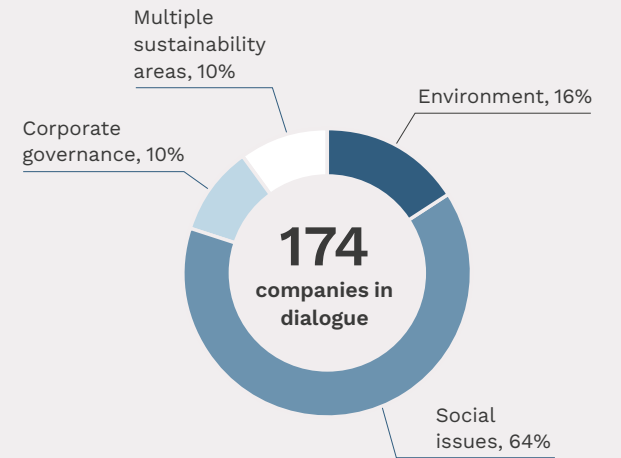


The Council on Ethics conducts dialogues with companies worldwide. During 2024, dialogues were held with 174 companies in total. Although the majority of the companies are listed in North America (primarily in the USA) and Europe, their value chains are global, and their products and services are consumed worldwide. In the reactive work, about half of the dialogues concern incidents in developing markets, even though the companies themselves are listed

on developed markets. The dialogues often address a specific sustainability area, such as the environment, social issues, or corporate governance. Some dialogues cover multiple sustainability areas.

The majority of company dialogues concern social issues. These include, for example, digital platforms and human rights, workplace safety and negative impacts on local communities.

Companies in dialogue, by sustainability area



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# Responsible ownership through dialogue and engagement

The Council on Ethics of the AP Funds is a collaboration between the First, Second, Third, and Fourth Swedish National Pension Funds (AP Funds). Through collective engagement we seek to drive positive change in areas that are of great importance to people, the environment, and society, and that create value in companies. This way, the Council on Ethics contributes to sustainable development and to the safeguarding of pensions for this and future generations.

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# The Council on Ethics – an important part of the AP Funds' sustainability strategies

Interview with Åsa Mossberg, Chair of the Council on Ethics during 2024. Åsa explains the role of the Council on Ethics in the AP Funds' sustainability strategies and how it has developed during 2024.

#### What has a strengthened Council on Ethics meant for the AP Funds?

With increased resources, the Council on Ethics has the capacity to further strengthen the AP Funds, and constitute an important part of the AP Funds' sustainability strategies.

The strengthening of the Council on Ethics with additional staff means that there are now resources to delve deeper into more complex issues. We also see that the work with dialogues has intensified and that the Council on Ethics has been able to take a more active and visible role in several important dialogues and contexts. Throughout the year, the Council on Ethics has worked much closer with the AP Funds' organisations, further enhancing integration and collaboration with key internal stakeholders.

#### What has been your most important focus/contribution as Chair?

In 2024, we have dedicated a great deal of resources to continue to develop and set

the foundation for a stronger Council on Ethics. It has been an intense year! An important element has been to accelerate the work with dialogues and proactive projects, as well as continuing to develop processes and the structure for our work. It has been a quite an entrepreneurial journey. In my role as Chair, an important contribution has been to act as a sounding board for the Executive Director of the Council on Ethics in balancing priorities and finding appropriate formats for the collaboration between the Council on Ethics and the AP Funds.

#### In which areas have the Council on Ethics' contributions during 2024 been particularly valuable?

I would like to highlight the work on tech companies and human rights. The Council on Ethics is leading an initiative with over 35 global investors, focusing on dialogues with big tech companies, such as Alphabet (Google), Meta Platforms (Facebook) and Microsoft, on their

responsibility for the impact they have on human rights. Dissemination of harmful, offensive or untrue content, and a flow of extreme or one-sided views can cause far-reaching harm, both to individuals and to society and democracy. Through the initiative, we want to influence tech companies to take action to manage these risks and encourage them to be more transparent about their work.

The Council on Ethics is particularly important for the AP Funds in complex sustainability areas, where collaborating is an advantage. This year has been marked by the geopolitical situation which undeniably means several challenging issues to navigate. Together with and through the Council on Ethics, the AP Funds have established joint approaches – for instance with regard to how we as investors should address companies that in various ways can be linked to conflict areas, how we should assess their involvement, what expectations we should have and what red lines we should draw.



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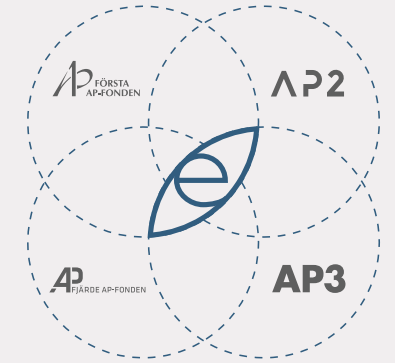
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# This is the Council on Ethics

The Council on Ethics was founded in 2007 by the First, Second, Third and Fourth Swedish National Pension Funds (AP Funds) in order to collectively engage with global portfolio companies and encourage them to take responsibility for material environmental, social and governance issues. Collaboration through the Council on Ethics enables the AP Funds to – in a more resource-efficient way and with greater leverage – manage sustainability risks and safeguard pensions.



The First, Second, Third and Fourth AP Funds are buffer funds in the Swedish public income pension system. Their mandate from the Riksdag (the Swedish Parliament) is to manage the fund assets in an exemplary manner through responsible investments and responsible ownership. The AP Funds should also promote sustainable development without compromising on the goal of good returns.

The role of the Council on Ethics is to encourage companies to make improvements in sustainability and to support the AP Funds in complex sustainability areas that are of great importance to people, the environment, and society, and that create value in companies. The Council on Ethics works with companies that breach international conventions that Sweden endorses. We also work proactively with prioritised sustainability issues. The Council on Ethics

collaborates with other investors and stakeholders globally. We aim to drive change through engagement, by setting clear expectations and by collaborating.

The Council on Ethics attaches great importance to deepening our understanding of the issues at hand as well as of the companies' circumstances, in order to formulate expectations, drive positive change and explore new solutions. We believe in engagement and dialogue as the most important tool for positive change.

Today, the Council on Ethics is well established internationally as the AP Funds' collaboration for active ownership and engagement on sustainability issues. In this way, the Council on Ethics constitutes an essential part of the AP Funds' sustainability strategies and mission as responsible owners.

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# Intensified engagement work with a fully-staffed Council on Ethics

During 2024, the new organisation of the Council on Ethics was completed with two additional members of staff. This has enabled us to increase the pace of the Council on Ethics' work for the long term. The role of the Council on Ethics is both to manage significant sustainability risks for the AP Funds and to support them in sustainability areas of particular complexity.

#### Full force in dialogues has yielded results

One of the most important tasks of the Council on Ethics is to act on signals of breaches of international norms and conventions, and engage in dialogue with companies to encourage them to a more systematic approach to sustainability. During 2024, eight companies which the Council on Ethics has engaged with have achieved the objectives set by addressing the problems and taking measures to prevent something similar from happening again. In total, we have seen 34 milestones achieved in the reactive dialogues in 2024.

I see this as evidence that the Council on Ethics' focus and commitment to our reactive engagement work has

yielded results. I would also like to emphasise that this type of progress is often the result of successful collaboration between multiple stakeholders.

#### Dedicated resources provide opportunities for deepened expertise and continued progress

As two sustainability specialists joined the Council on Ethics in January of 2024, we have been able to further develop the various projects and company dialogues in our five focus areas. Council on Ethics continues to deepen its expertise and pursue opportunities for more dialogues and relevant exchanges of experiences. During 2024, we have been involved in ten projects within our proactive work. The projects provide an opportunity to drive for long-term positive change in areas which constitute sustainability risks in the AP Funds' portfolios. Prioritising and focusing our work in these projects also makes it possible to formulate clear expectations on companies related to sustainability issues which may be considered less mature, such as antimicrobial resistance (AMR).

#### Adjusted priorities in uncertain times

In 2024 geopolitics, primarily in light of developments in the Middle East and Russia's ongoing offensive war against Ukraine, has affected the work of the Council on Ethics. As a result, together with the AP funds we have given special priority to our work related to international conflicts during the year, aiming to align it even more clearly with the UN Guiding Principles on Business and Human Rights (UNGPs).

A warm thank you to the Council on Ethics staff, the Board and not least colleagues at the AP Funds for invaluable collaboration throughout the year. We also appreciate the cooperation with our international partners. It is thanks to all of you that the Council on Ethics can strengthen the AP Funds in their mission as responsible owners and exemplary asset managers.

Jenny Gustafsson  
*Executive Director of the Council on Ethics*





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# Frameworks that guide the Council on Ethics' work

In its work driving and demanding positive change – both by individual global companies and at the industry level – in the area of sustainability, the Council on Ethics is guided by the AP Funds' common values. The work is based on the Swedish National Pension Funds (AP Funds) Act, international conventions and established standards for responsible business conduct, which together act as a compass for the Council on Ethics.

## The Swedish National Pension Funds (AP Funds) Act



**The AP Funds** are governed by the Swedish National Pension Funds (AP Funds) Act, which stipulates how the buffer capital should be managed in an exemplary way through responsible investments and responsible ownership. The Council on Ethics was founded by the AP Funds in 2007 as a collaboration to collectively address issues that affect global listed companies and complex sustainability challenges.

## International conventions



**The work of the Council on Ethics** is based on international conventions and agreements that Sweden has endorsed, and which address issues such as human rights, environmental protection and controversial weapons. Examples include:

- The International Covenant on Economic, Social and Cultural Rights (ICESCR)
- The International Covenant on Civil and Political Rights (ICCPR)
- The Convention against Corruption (UNCAC)
- The Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons (UNCCW)
- International Labour Organization (ILO) core conventions about fundamental rights at work
- UN Framework Convention on Climate Change (UNFCCC).

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## Frameworks for responsible business conduct



The Council on Ethics' expectations on companies are based on a number of frameworks and guidelines for responsible business conduct. One of these is the UN Global Compact, which consists of 10 principles for companies derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention Against Corruption.

Another important framework is the UN Guiding Principles for Business and Human Rights (UNGPs). This sets out how companies should manage risks of breaches of human rights in their own operations, through business relationships, or via their supply chains. The UNGPs also set out how companies should ensure access to remedy for those negatively impacted.

The OECD has also established Guidelines for Multinational Enterprises, and published guidance for processes and systems that companies can adopt in their work with responsibility and due diligence. The guidelines are recommendations from governments to multinational companies, supported by a network of national contact points which among other things manage complaints against companies.

### UN Global Compact – 10 principles for business

#### ● Human rights

1. Support and respect international human rights in the sphere of corporate influence
2. Ensure that their own companies are not complicit in human rights abuses

#### ● Labour rights

3. Uphold freedom of association and recognise the right to collective bargaining
4. Eliminate all forms of forced labour
5. Abolish child labour
6. Eliminate discrimination in recruitment and occupation

#### ● Environment

7. Support a precautionary approach with regard to environmental risks
8. Undertake initiatives to promote environmental awareness
9. Encourage the development of environmentally friendly technologies

#### ● Anti-corruption

10. Combat all forms of corruption, including extortion and bribery

### The Council on Ethics promotes the Sustainable Development Goals

The Sustainable Development Goals, adopted 2015 by the UN's 193 member states, provide a globally shared framework to address the world's most urgent sustainability challenges. Achieving the SDGs requires commitment not only from governments and companies, but also from investors.

As global investors, the AP Funds are able to contribute in various ways to the SDGs via their sustainability work and via their investments. The Council on Ethics endeavours to contribute to the SDGs through both reactive and proactive work. The reactive work is informed by identified violations in the AP Fund portfolios and the associated severity. The Council on Ethics' proactive work helps bring about positive change by addressing complex sustainability challenges and material systemic risks.



**THE GLOBAL GOALS**

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## Position statements



**Where needed**, the Council on Ethics together with the AP Funds formulates position statements with regard to specific sustainability issues. The joint position statements concern complex sustainability areas and are based on the frameworks which guide the work of the AP Funds and the Council on Ethics. By publishing the joint position statements, the AP Funds aim to clarify their views and their expectations on companies with regard to specific topics.

The AP Funds' joint position statements cover the following topics:

- Controversial weapons
- Commercial gaming
- Corporate tax
- International conflicts
- Narcotic drugs
- Tobacco.

During 2024, the Council on Ethics has initiated a review of the position statement concerning international conflicts. This involves both analysis and assessments of companies in light of the current geopolitical situation, based on the UN Guiding Principles on Business and Human Rights. The work will continue during 2025.

[Read more about the position statements on The Council on Ethics website.](#) »



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# The Council on Ethics' engagements

The Council on Ethics strengthens the AP Funds as responsible owners, by engaging with companies in order to drive positive change in their management of sustainability throughout their value chains. The engagement work is both proactive and reactive.

## ● Proactive work

The Council on Ethics' proactive work addresses complex sustainability challenges and systemic risks with the aim of creating positive change. By working with focus areas, the Council on Ethics builds up detailed expertise and encourages positive development at company, industry, and system level. The prioritisation and choice of focus areas is based on an analysis weighing in factors such as the potential negative impact on people and the environment, the AP Funds' financial exposure and the opportunities for the Council on Ethics to influence for positive change.

[Read more on page 13 »](#)

## ● Reactive work

In its reactive work, the Council on Ethics identifies, analyses and acts on signals of severe violations in the AP Funds' portfolios. The goal of the reactive dialogues is that the companies take measures to resolve the incidents and prevent recurrence. The Council on Ethics may recommend the AP Funds to exclude companies which do not demonstrate reasonable improvements, or with which the possibility to influence positively is deemed to be limited.

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# Dialogue as the primary tool for change

The Council on Ethics engages in dialogues with companies as a primary tool for driving positive change in their management of sustainability issues. Change takes time and the dialogues often last several years. The Council on Ethics continuously monitors and evaluates progress towards the objectives that have been set for the dialogue.

## What is a dialogue?

A **company dialogue** is initiated when contact is established with the company with regard to a specific issue. In the dialogue, a discussion takes place with the company about challenges and about the Council on Ethics' expectations and requirements for improvements in relevant areas. The dialogues are based on clear objectives, such as improved governance through policies, their implementation and transparent reporting. Progress towards the objectives and the dialogue strategy are evaluated on a continuous basis. Contact is by e-mail, telephone, video meetings or site visits.

## Who participates in a dialogue?

The **Council on Ethics** may participate in a dialogue directly or through a service provider. The Council on Ethics often collaborates with other investors in order to increase leverage in the dialogue. The dialogue is often initiated with the company's investor relations team or through direct contact with its sustainability and topic experts. Depending on whether the challenges are unique to a company or common for an industry, the dialogues may be company-specific or with several companies within the specific industry. In some cases other stakeholders in the value chain may also need to join in the efforts to address the issue.

## Success factors

The Council on Ethics' approach in engagement dialogues is based on methods established in academic research.

### ● Expertise

Specialist knowledge of specific sustainability issues lays the foundation for a successful dialogue and engagement. It is also important to research and understand how each company has addressed the issue to date, as well as its circumstances and challenges.

### ● Trust

If the Council on Ethics is able to create a constructive environment for the dialogue, the possibility to influence the company in a positive direction improves. Company dialogues are conducted in confidence, and it is therefore not always possible to report about them publicly. The Council on Ethics promotes transparency and aims to report on its engagement work to the greatest degree possible.

### ● Collaboration

In order to make engagements with companies more effective, the Council on Ethics may collaborate with other investors, often globally. That way, the leverage to promote positive change is increased.

### ● Tailored approach

The Council on Ethics may choose different ways in which to conduct the dialogues, tailored to the specific situation, sustainability issue and progress in the discussions.

### ● Best practice

Companies do not want to be worse than their peers, and working with several companies at the same time is often a successful strategy. The Council on Ethics may also facilitate the sharing of experiences and best practice between companies in different industries facing similar challenges.

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● Proactive work

# Positive change in complex sustainability challenges

The Council on Ethics' proactive work addresses complex sustainability challenges and systemic risks with the aim of creating positive change. By working with focus areas, the Council on Ethics deepens its expertise and encourages positive development at company, industry, and system level.

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Proactive work

# Process for the Council on Ethics’ proactive work

The Council on Ethics’ proactive work is long-term and based on a number of focus areas that extend over several years. A systematic process provides support for prioritisation, selection of projects, and ongoing evaluation.

Many sustainability challenges are complex, dynamic and extensive. Industry- and system-wide shortcomings can rarely be solved by a single company or a single investor but require different stakeholders to act together to limit negative impacts and promote more sustainable development. At the

same time, individual companies have a responsibility to understand, manage risk and act based on their role in the value chain.

The AP Funds and the Council on Ethics have a process for identifying relevant risk areas, prioritising and evaluating

proactive work, and opportunities for positive development. If necessary, the Council on Ethics can, based on the ongoing analysis of external factors, act outside the focus areas.

## Analysis of external factors

- Ongoing monitoring and identification of risk areas in environment, social issues and corporate governance.
- Materiality analysis based on the principle of double materiality: how the companies in the AP Funds’ portfolios are affected by the risks, and how the companies and their value chains can affect the outside world.



## Focus areas

- The selection of focus areas is based on the analysis of external factors and prioritisation within the AP Funds and the Council on Ethics.
- The focus areas are intended to complement and/or strengthen the AP Funds’ own sustainability work.
- The selection process also assesses the ability of the AP Funds and the Council on Ethics to exert influence.



## Projects

- Some projects focus on company dialogue, others on work with different stakeholders and cross-industry activities from a systems perspective.
- The selection of projects considers the opportunities for the AP Funds and the Council on Ethics to influence positive development.
- Projects are initiated with analysis, defining objectives and a plan for follow-up of progress and results.

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# The Council on Ethics’ five focus areas

In 2023, the Council on Ethics and the AP Funds selected five focus areas that address complex sustainability challenges and systemic risks that affect both the AP Funds’ investments and society. Some projects had started before the focus areas were defined. In 2024, the Council on Ethics participated in ten projects, one of which ran in parallel with the focus areas.



## Antimicrobial resistance (AMR)

Antimicrobial resistance (AMR) occurs when bacteria, viruses, fungi and parasites no longer respond to drugs, making infections more difficult to treat and increasing the risk of the spread of disease, severe illness and death. The main contributing factor to the development of AMR is the overuse and misuse of antibiotics in intensive industrial animal farming. AMR is a global systemic risk to both public health and the economy.

[Read more here »](#)

### Ongoing projects 2024

- Investor Action on AMR (new 2024)
- FAIRR Animal Pharmaceuticals
- FAIRR Restaurant Antibiotics



## Child labour and forced labour

Child labour and forced labour occur in all parts of the world, but are particularly common within certain sectors and regions. Companies may be exposed in their own operations, or through their value chains. The Council on Ethics has prioritised industries such as textiles, construction and consumer goods. To identify, prevent and mitigate negative impacts on human rights is a basic principle of responsible business conduct.

[Read more here »](#)

### Ongoing project 2024

- Forced labour in the construction and textile industries (concluded 2024)



## Climate transition

Climate change poses a serious systemic risk that can have a significant impact on the AP Funds’ assets and a negative impact on the living conditions of current and future generations. The Council on Ethics prioritises its work to ensure that the efforts have the best possible effect, with a focus on the transition of emissions-heavy industries as well as critical metals and minerals needed in the climate transition. The work also aims to complement and strengthen the AP Funds’ respective climate strategies.

[Read more here »](#)

### Ongoing projects 2024

- Steel value chain engagement (new 2024)
- Global Investor Commission on Mining 2030



## Tech companies and human rights

Online platforms and the big tech companies play an increasingly important role in society, with several opportunities but also challenges related to human rights. Some of these relate to complex issues such as integrity and freedom of expression, impacts on democratic systems, reinforcing extremism and impacts on vulnerable groups. In many cases these types of risks are amplified by the companies’ business models and culture.

[Read more here »](#)

### Ongoing project 2024

- Big Tech & Human Rights investor collaboration



## Water

Good quality and sufficient amounts of water are essential for health, sanitation, food production, power generation and numerous other industrial processes. Water is closely connected to many other global challenges and risks, such as climate change, biodiversity loss and involuntary migration. Water scarcity is therefore a pressing global challenge, with significant consequences for companies and investors.

[Read more here »](#)

### Ongoing projects 2024

- Valuing Water Finance Initiative
- Investor Initiative on Hazardous Chemicals



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## Focus area

# Antimicrobial resistance

**Antimicrobial resistance (AMR) is a systemic risk to both society and the global economy. If effective countermeasures are not taken, the global annual GDP loss by 2050 is estimated to be nearly -4 percent, and up to ten million people risk dying each year, according to the World Bank. The WHO has identified AMR as one of the greatest global threats to public health.**

AMR occurs when bacteria, viruses, fungi, and parasites survive despite being exposed to drugs, making infections more difficult to treat and increasing the risk of the spread of disease, severe illness, and death. The main contributing factor to the development of AMR is the overuse and misuse of antibiotics in intensive industrial animal farming.

Effective antibiotics are a necessary component of an efficient healthcare system. For long-term investors like the AP Funds, AMR is considered a priority systemic risk, and it is important that effective countermeasures are taken because AMR can pose a serious threat to people, society, specific industries (including food production and healthcare), as well as economic growth and thus the AP Funds' investments.

Stopping AMR is a complex and extensive challenge, and the Council on Ethics therefore believes that collaboration between different actors is key to effectively countering AMR.

## Priorities for the Council on Ethics

Within the focus area of AMR, the Council on Ethics primarily has two priorities. The Council on Ethics works to raise awareness among investors and other stakeholders about why AMR is a significant risk to public health and the economy, and thereby the AP Funds' portfolios. The Council on Ethics also works to influence systemically important companies, especially in the animal pharmaceutical and fast-food industries, where the funds have holdings, towards responsible use of antibiotics.

The reason the Council on Ethics prioritises animal husbandry is that antibiotics are used for growth promotion and to prevent animals from getting sick, resulting in intensive industrial animal farming accounting for more than 70 percent of global antibiotic use. Overuse of antibiotics in intensive industrial animal farming is therefore considered the



single largest contributing factor to AMR. The demand for meat, fish and dairy products is expected to increase with the global population growth, making the need for responsible use of antibiotics even more relevant to limit the risk of widespread AMR.

## Progress in the focus area

2023

The Council on Ethics joins the FAIRR (Farm Animal Investment Risk and Return) initiative and participates in initial discussions with companies and experts.

2024

The Council on Ethics joins the Investor Action on AMR (IAAMR) project, signs a statement ahead of the UN high-level meeting on AMR, and participates in the MSCI Sustainability Institute's investor guide.

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## Project: FAIRR Animal Pharmaceuticals

### Background facts

**Region:** Global

**Topic:** Responsible production and use of antibiotics

**Number of companies:** 7

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

For many animal pharmaceutical companies, antibiotics and other antimicrobial drugs constitute an essential part of their product range. Since the animal pharmaceutical industry is a crucial part of the chain for the production and use of antibiotics, it is therefore important that they ensure that these antibiotics are manufactured and marketed responsibly.

Just over 70 percent of the volume of antimicrobial drugs globally is used on animals within the food value chain. Overuse for growth promotion and disease prevention purposes of these critical drugs contributes to AMR, which is why the Council on Ethics focuses on these sectors and companies that are considered systemically important for managing the risk of AMR.

The Council on Ethics is since 2023 a member of FAIRR (Farm Animal Investment Risk and Return), a global investor network that works to raise awareness of challenges related to intensive industrial animal farming and the risks within the broader food system. Within the animal pharmaceutical companies project the Council on Ethics collaborates with other investors, and benefits from experts from FAIRR who coordinate the project and analyse how the companies perform.

### Project objectives

The goals of the project, which targets the animal pharmaceutical industry (with a focus on intensive industrial animal farming), are to influence the companies involved to increase transparency and clarity on how AMR risks are managed in, among other things, sales and marketing, and to limit the use of medically important antibiotics in intensive industrial animal farming (meat, poultry, and fish) for growth promotion and disease prevention purposes.

### Outcomes

The latest evaluation of the companies involved in the project was published in May 2024. The evaluation shows that:

- Although the animal pharmaceutical companies have generally become more transparent, there is still potential for improvement in order for investors to be able to assess how effective the companies are at managing AMR risks.
- The seven companies involved in the project need to demonstrate that they do not manufacture or market growth-promoting drugs, and that the sales volume of antibiotics not used for treatment purposes decreases over time.

The results show that further measures are necessary to influence the companies to report relevant risks and how they manage them, so that investors in turn can assess whether these are sufficient.

### Next steps

In 2025, evaluations of the companies involved in the project will continue.

[Read more about FAIRR Animal Pharmaceuticals here »](#)

## Project: FAIRR Restaurant Antibiotics

### Background facts

**Region:** Global

**Topic:** Responsible use of antibiotics

**Number of companies:** 12

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

The fast-food industry, as a major purchaser of animal protein (such as beef, poultry, and pork), has an important role to play in addressing the risks of AMR in their respective value chains. As a key part of the chain for the use of antibiotics, the industry needs to ensure that the proteins they purchase are produced responsibly.

Just over 70 percent of the volume of antimicrobial drugs globally is used on animals within the food value chain. Overuse for growth and preventive purposes of these critical drugs contributes to AMR, which is why the Council on Ethics focuses on these sectors and companies that are considered systemically important for managing the risk of AMR.

The Council on Ethics is since 2023 a member of FAIRR (Farm Animal Investment Risk and Return), a global investor network that works to raise awareness of challenges related to intensive industrial animal farming and the risks within the broader food system. Within the fast-food restaurant companies project, the Council on Ethics collaborates with other investors to have a stronger voice in dialogues with companies, and benefits from experts from FAIRR who coordinate the project and analyse how the companies perform.

### Project objectives

The goal of the project which targets fast food restaurants is to influence the companies involved to increase transparency and clarity on how AMR risks are managed in the companies' value chains, including through the development of policies covering all key proteins and in line with WHO guidelines, as well as goals and follow-up.

### Outcomes

The latest evaluation of the companies, and the dialogues, involved in the project was published in May 2024. The evaluation shows that:

- For 11 out of 12 of the restaurant chains involved in the project, relevant policies for individual proteins in their respective offerings are noted. At the same time, all companies lack a comprehensive policy in line with WHO guidelines for their relevant offerings.
- Information on the extent to which the companies' suppliers comply with the companies' own policies, as well as information on antibiotic use within the business in general, needs to be improved.

The results show that continued dialogue is necessary to influence the companies to report relevant risks and how they manage them, so that investors in turn can assess whether these are sufficient.

### Next steps

Evaluations of, and dialogues with, the companies involved in the project will continue in 2025.

[Read more about FAIRR Restaurant Antibiotics here »](#)

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## Interview:

# Alexander Elving about a new project within AMR



## Background facts

**Region:** Global

**Topic:** Responsible production and use of antibiotics

**Number of companies:** N/A

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

2024 was an important year for building awareness and improving risk management of antimicrobial resistance (AMR). In September, a high-level meeting was held at the UN General Assembly – the first of its kind since 2016 – focusing on the management of AMR. At the meeting, a political declaration was adopted with ambitions and objectives to respond to the threat from AMR.

In the spring of 2024, the Council on Ethics joined the Investor Action on AMR (IAAMR), which is a collaborative initiative supported by 22 institutional investors with approximately USD 13,000 billion under management.

Alexander Elving, Engagement Director, explains the Council on Ethics' participation in the project:

### Why has the Council on Ethics chosen to participate in IAAMR?

AMR receives, in relation to the risks it entails, less attention than other significant risks, which is one of the reasons why the Council on Ethics is committed to the issue. The purpose of IAAMR is to use investor influence to draw attention to and manage the risks associated with AMR, and to exchange experiences of AMR-related risks from an investor perspective.

### What is the aim of the project?

The aim of the project and the Council on Ethics' participation is to contribute to increased awareness of the growing threat of AMR and to integrate AMR to a greater extent into risk management and decision-making in an investor context, at the policy level, and in dialogue with the companies.

### What has happened during the year?

In addition to joining the IAAMR, the Council on Ethics supported a public [statement](#) from large institutional investors, among others, ahead of the high-level meeting in the UN. The position statement signals our expectations regarding, for example, science-based guidelines and objectives. The declaration adopted by the UN in September contains several steps in the right direction, such as the establishment of an independent panel to assist decision-makers with science-based evidence, as well as certain quantitative



“Overuse and misuse of antibiotics lead to significant negative consequences for our health and society at large.”

targets regarding the impact of AMR. At the same time, it can be noted that more needs to be done than what the declaration contains, which is why the Council on Ethics continues to work on the issue.

The Council on Ethics also contributes to increased knowledge about AMR, both in the AP Funds' asset management organisations and in external contexts. For example, in 2024 the Council on Ethics contributed to an [investor guide](#) on AMR produced by the MSCI Sustainability Institute together with IAAMR and FAIRR, among others.

### What's next?

The Council on Ethics continues to draw the attention of relevant stakeholders to the importance of managing AMR. This is primarily done in collaboration with both public and private actors.

[Read more about Investor Action on AMR here »](#)

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## Focus area

# Child labour and forced labour

Millions of people around the world are in forced labour and/or child labour, and according to the ILO the number is growing. The Council on Ethics is active in dialogues with companies in high-risk industries, in order to promote system change and address the negative impact of child labour and forced labour on individuals as well as society as a whole.

The International Labour Organization (ILO) estimates that there were 160 million children in child labour in 2020, representing nearly 10 percent of all children in the world. Child labour had increased for the first time in 20 years – an increase of 8.4 million since 2016 – and the risks of child labour are deemed to have worsened due to the Covid-19 pandemic. The number of people in forced labour has also increased according to the ILO, from 24.9 million in 2016 to 27.6 million in 2021. Around two thirds of all forced labour cases occur in the private sector, and the financial gains from forced labour have been estimated at USD 236 billion per year.

### Priorities for the Council on Ethics

Child labour and forced labour occur around the world, but are especially prevalent in certain industries and regions. Companies may be exposed in their own operations, or through their supply chains. Within this focus area, the

Council on Ethics targets industries where the risk for child and forced labour are particularly high, especially in the supply chain. An important perspective that permeates the work is to promote measures that address the root causes of child labour and forced labour. Poverty is one such root cause, and the dialogues therefore focus to a large extent on how companies can work with responsible recruitment and offer decent working conditions. Responsible purchasing processes is another important element. The Council on Ethics also expects companies to actively implement the UN Guiding Principles on Business and Human Rights (UNGPs). This means that companies should integrate the respect for human rights in their operations as well as in their policies, strategy and risk management, and also report about their work.

During 2024, a project focused on the textile and construction industries was concluded. Conclusions from the project will help inform the Council on Ethics in determining the future direction of the focus area.



### Initiative focused on children's rights

Since 2023 the Council on Ethics has participated in an initiative which aims to promote child rights perspectives in food, beverage and personal hygiene companies. The initiative was started by the Global Child Forum – an organisation focused on improved management of child rights in business – and the fund management company Swedbank Robur. Together with some 30 investors, the Council on Ethics has signed letters to 17 companies, encouraging them to conduct annual child rights impact assessments, take measures to prevent and provide remedy, and improve their reporting. In 2024, there was a follow-up to the letters, and additional companies were contacted. The letters have also addressed responsible product development and marketing aimed at children. The companies' management of child rights is assessed annually in Global Child Forum's [Benchmark](#) »

### Progress in the focus area

2023

The second year of the project focusing on forced labour in the construction and textile industries.

2024

The project focusing on forced labour in the construction and textile industries is concluded. The Council on Ethics starts a review of the future direction of the focus area.

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## Project: Forced labour in the construction and textile industries

### Background facts

**Region:** Global

**Topic:** Forced labour and modern slavery

**Number of companies:** 16

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

In 2021, the Council on Ethics started a three-year engagement project in the construction and textile industries with the goal that the target companies improve their management of forced labour risks, especially in their supply chains. The project, which was concluded in the first quarter of 2024, has been led by a service provider<sup>1)</sup> and carried out in collaboration with other institutional investors.

The project has consisted of dialogue with 16 companies. In addition to the company dialogues, a roundtable meeting between companies, investors and other experts has been held. The companies have also received information materials featuring success factors addressing forced labour in each industry.

### Project objectives

The overall objective of the project was that companies should improve their management of forced labour risks in supply chains. Progress has been assessed in six target areas:

1. Governance and reporting
2. Responsible purchasing practices
3. Living wages, legal wages and income
4. Stakeholder engagement and collaboration
5. Worker inclusion and impact
6. Auditing and grievance mechanisms.

Companies can achieve nine points in each target area and a maximum score of 54 points.

### Outcomes

At the start of the project, most companies were assessed to have a relatively weak preparedness to manage forced labour risks. The start of the dialogues therefore focused on showing and explaining how the risks can materialise and pointing to risk areas in each industry.

During the final year of the project, 10 of the 16 companies improved their results. Several companies had taken measures to strengthen their risk management, such as through adopting human rights policies (especially relating to migrant workers), conduct trainings for relevant parts of the organisation, join human rights initiatives and improving their reporting.

During the course of the project, the companies have demonstrated progress in most of the target areas. The most significant improvements have occurred in the area

related to governance and reporting, followed by wages/income and “auditing and grievance mechanisms”. However, the Council on Ethics notes that there is room for further improvement, especially in the area of responsible purchasing practices where the average score has not changed markedly since the start of the engagement, and where the companies still perform relatively poorly.

At the close of the engagement, recommendations were presented to the companies in relation to how they could further strengthen their preparedness and manage risks related to forced labour. Several companies shared details of action plans going forward, indicating that a strengthening of due diligence efforts can be anticipated.

### Conclusions

The project shows that it can take time to make progress in these types of system challenges. Even if improvements have been noted in several different areas, many companies started from a low level – either not recognising forced labour as a relevant risk,

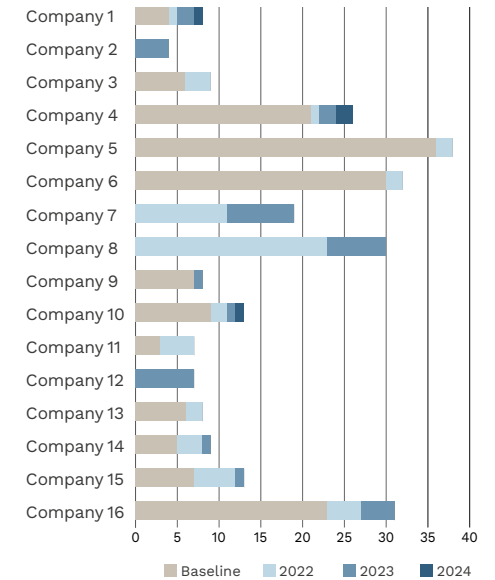
or having just started their work in this area. The objectives for the project have also been demanding, requiring companies to address many of the structural drivers behind modern slavery such as responsible purchasing practices, freedom of association and living wages. Complex sustainability challenges such as forced labour cannot be solved by individual companies, but the Council on Ethics appreciates that several companies now demonstrate greater awareness of the risks, and have started work to improve the conditions in their own operations as well as in their supply chains.

Progress in each target area among all companies, compared to start



The average score for each target area reflects both individual company score changes and changes of target companies.

Individual company progress, since start



For companies added during the course of the project, the score is only shown for the relevant years.

<sup>1)</sup> Morningstar Sustainalytics

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## Focus area

# Climate transition

Climate change is considered a serious systemic risk that can significantly impact the assets of the AP Funds and negatively affect the living conditions of current and future generations. The Council on Ethics and the AP Funds are working for a sustainable transition in line with the Paris Agreement.

The climate transition is system-critical, and for long-term investors like the AP Funds, it is important that their portfolio companies manage climate-related risks, limit their negative climate impact, and contribute to the goals of the Paris Agreement. The scope of the climate transition means that the Council on Ethics needs to prioritise and focus its work. Therefore, the Council on Ethics makes an overall assessment of how and where to direct its efforts to achieve the best possible effect. The Council on Ethics aims to complement and strengthen the climate-related work carried out by each AP Fund.

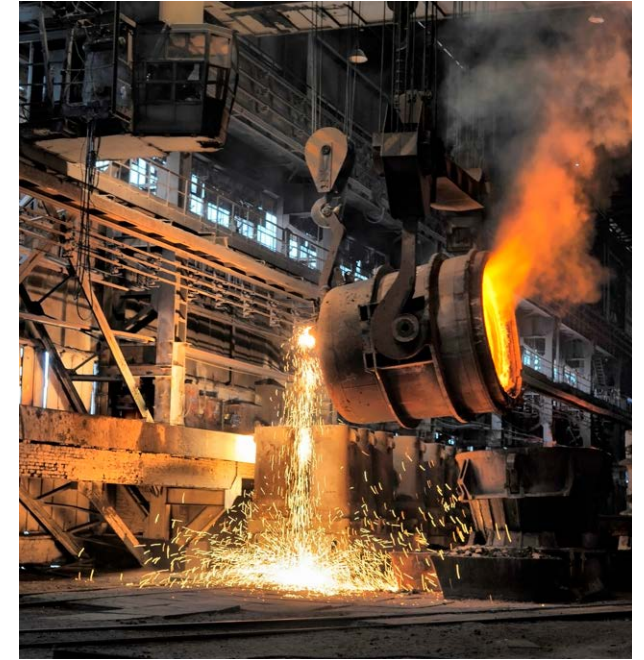
### Priorities for the Council on Ethics

Based on this premise, the Council on Ethics prioritises two areas: the transition of emission-intensive industries and the steel industry specifically, and the mining sector's management of sustainability challenges in light of the increased need for extraction of critical minerals and metals that enable the climate transition.

The Council on Ethics collaborates on these issues with other capital market actors within two different projects: Steel Value Chain Engagement and the Global Investor Commission on Mining 2030.

The transition of emission-intensive industries is particularly important to limit negative climate impacts and to contribute to the goals of the Paris Agreement. At the same time, it is challenging for individual companies to transition their operations on their own, as they are also dependent on the decisions and activities of other actors. Often, innovation and technology that are still under development are required. Therefore, there is a need for investors, companies, suppliers, and customers across the value chain to collaborate to identify measures for a successful transition.

The mining industry has significant sustainability-related risks and effects. At the same time the mining sector is critical to society and crucial in the climate transition. Everything from batteries for electric vehicles to renewable energy production contributes to an increased demand for critical



metals and minerals. The Council on Ethics works to ensure that the mining industry meets the increased demand in a sustainable and responsible manner. Previously, the Council on Ethics has been involved in the work to ensure that mining companies globally take responsibility for their mine waste, which has resulted in a global standard for tailings dams.

## Progress in the focus area

2023

Through its participation in the steering committee for the Global Investor Commission on Mining 2030 (Mining 2030), the Council on Ethics has been involved in the preparations that led to the establishment of the project.

2024

The Council on Ethics joins the Steel Value Chain Engagement project. Mining 2030 launches six strategic goals and establishes a project plan.

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## Project: Steel Value Chain Engagement

### Background facts

**Region:** Europe

**Topic:** Transition of emission-intensive industries

**Number of companies:** around 40

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

In 2024, the Council on Ethics joined the Steel Value Chain Engagement, coordinated by the Institutional Investors Group on Climate Change (IIGCC), with the aim of encouraging companies in steel-intensive sectors to clarify and publicly report their demand for so-called green steel. This is to send clear signals to steel companies that there is a demand for green steel, thereby providing incentives for the transition in the steel sector. Emphasis is placed on identifying potential barriers to transitioning to green steel procurement. The Council on Ethics has a supportive role in the project initially.

The project is part of phase two of the Climate Action 100+ initiative and targets around 40 European companies in steel-intensive sectors: automotive manufacturing, aviation and shipping, construction, and renewable energy.

Steel production generates more carbon dioxide emissions than all other heavy industries and accounts for about 8 percent of total emissions globally. Dialogue with individual companies in a specific value chain is at the same time often insufficient because a transition in line with the Paris Agreement depends on the actions of several companies across the entire value chain, as well as other external factors.

Steel manufacturers with high climate ambitions are actively working to transition production, but it requires the entire value chain – suppliers, customers, investors, and governments – to collaborate to transition the global steel market.

#### Project objectives

This project aims to clarify demand for green steel. Companies that purchase steel, such as those in automotive manufacturing or construction, can convey demand signals for low-emission products, thereby creating incentives for steel manufacturers to invest in green steel production. By increasing the scale of green steel production, the cost, which is currently higher than traditional steel production, can be reduced.

- To clarify the demand for green steel to stimulate investments in the transition of the steel industry.
- To contribute to accelerating the expansion of green steel production.

This will be achieved by encouraging companies to publicly report in line with a framework previously produced by [IIGCC – Steel Purchaser Framework](#). The framework includes goals for the proportion of green steel and emission intensity when purchasing steel.

#### Outcomes

The project was initiated in 2024 and presented to companies that are the focus of the project.

#### Next steps

The next step is dialogue with companies within the project to encourage them to implement the framework and evaluate the companies that report in line with the framework in the first phase.

[Read more about Steel Value Chain Engagement here »](#)

## Project: Global Investor Commission on Mining 2030

### Background facts

**Region:** Global

**Topic:** Responsible extraction of critical metals and minerals

**Number of companies:** N/A

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

The Global Investor Commission on Mining 2030 (Mining 2030) was started in 2022 with the aim of defining and promoting a vision for a socially and environmentally sustainable mining sector by 2030, and clarifying the financial sector's role in realising this vision. The Council on Ethics is represented in the project's steering group and involved in the work that led to the launch of Mining 2030. The project is an investor-led collaborative initiative that includes stakeholders from civil society, academia, trade unions, and the mining sector.

The mining industry plays a crucial role in the climate transition, and to achieve the goals of the Paris Agreement more mining will be needed. Therefore, it is important that the sector contributes to the transition in a sustainable way. Long-term investors have an important role to play by conveying expectations on how sustainable mining should be conducted.

#### Project objectives

The project has identified six strategic goals, including the development of consensus on investor expectations for mining companies extracting critical minerals and metals, in line with global mining sector standards. The

goals also focus on ensuring that companies demanding critical minerals and metals follow the same standards, and that legislation reinforces the expectations. Additionally, the goals focus on the mining sector's lasting benefits locally and nationally, as well as on how the drivers of conflicts related to mining can be identified and reduced.

#### Outcomes

In October 2024 a [report](#) from the first phase of the project was published, describing current and future mining, including challenges and opportunities. The purpose of the report is to guide the project's work going forward.

The report focuses, among other things, on how the mining sector is affected as demand changes in light of the climate transition, and what consequences this may have. Based on the analysis of these consequences, six strategic goals have been formulated to achieve the vision of a socially and environmentally sustainable mining sector by 2030.

#### Next steps

The second phase of the project began at the end of 2024, including the establishment of working groups related to the six goals. The working groups will continue their work in 2025.

In the next step, the commission consults stakeholders regarding the development of the project. As part of this work, the commission, including the Council on Ethics, participated in February 2025 in the Mining Indaba conference in South Africa. There, a series of roundtable discussions focusing on the project's strategic goals were arranged.

The final investor recommendations from the project will be presented in 2025.

[Read more about The Global Investor Commission on Mining 2030 here »](#)

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## Focus area

# Tech companies and human rights

**Internet and social media have become a naturally integrated part of society, which involves both opportunities and challenges for a sustainable development. The goal of the Council on Ethics' work in this focus area is that the big tech companies strengthen their management of human rights impacts.**

Big tech companies' products and services become increasingly prominent in our daily lives, and present a significant potential for the development of society. Digital services can contribute positively, but there are also risks of severe human rights breaches and negative impacts on society. The risks involved are connected to complex issues such as integrity, freedom of expression and impacts on democratic systems, and also extremism, hate speech and sexual exploitation of children.

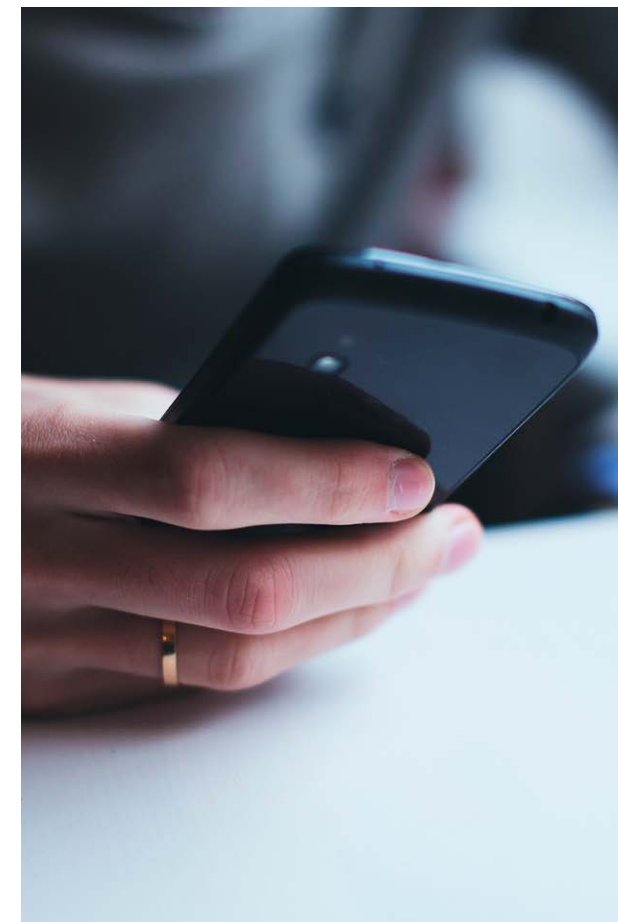
Many online platforms are built on business models based on maximising the number of interactions and providing users with information that they are interested in. This entails risks for a flow of extreme or one-sided opinions and the spread of damaging, offensive or false content that can further entrench polarisation in society. The online platforms' algorithms and way of delivering information is also criticised for driving addiction and negatively impacting the mental health development of young users. Technological innovation involves great opportunities for society, such as through "the fourth industrial revolution", but also acceler-

ated system risks. For example, the World Economic Forum has flagged that misinformation, disinformation and polarisation has high risks both in the short and long term, and points out that these risks are strongly intertwined and could potentially reinforce each other.

Regulation has attempted to address the challenges with tech companies responsibility for a safe online environment, responsible artificial intelligence (AI) and the impact on young users. However, there are significant challenges related to the business in the sector being highly dynamic, diversified, global and technologically complex.

## Priorities for the Council on Ethics

The Council on Ethics has been active in the area of tech and human rights since 2019. Together with the Danish Institute for Human Rights, the Council on Ethics produced an [investor expectations document](#) in 2020. In March 2023, the Council on Ethics launched an international investor collaboration with the objective that big tech companies strengthen their management of human rights.



## Progress in the focus area

2023

The Council on Ethics launched the Big Tech & Human Rights initiative. Engagement objectives were formulated, and initial contact was made with target companies. Dialogues were initiated.

2024

The dialogues have continued. Dialogue has been established with six of the seven target companies, through physical and digital meetings.



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## Project: Big Tech & Human Rights investor collaboration

### Background facts

**Region:** Global

**Topic:** Tech companies and human rights

**Number of companies:** 7

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

In March 2023 the Council on Ethics launched a collaboration together with more than 30 other institutional investors, representing aggregated assets under management of more than EUR 7tn. The initiative targets seven big tech companies: Alibaba, Alphabet, Amazon, Apple, Meta, Microsoft and Tencent. The Council on Ethics co-ordinates the project and also participates in individual company dialogues. Prior to the project launch, in 2022 the Council on Ethics and other participants conducted analysis and created a framework with performance indicators to track the companies' progress with regard to human rights.

#### Project objectives

The project goal is that tech companies should strengthen and adjust their approach to human rights so that they operate in line with the UN Guiding Principles on Business and Human Rights (UNGPs). The Council on Ethics also aims to contribute to a greater understanding and management of systemic risks connected to the use and role of internet platforms in society. Progress towards the overarching goal is monitored in five specific target areas:

- Culture and business model
- Content management
- Vulnerable groups
- Access to remedy
- Stakeholder engagement

In the dialogues, the Council on Ethics and its collaboration partners express clear expectations on the companies regarding their governance and oversight of material risks connected to human rights. It is important that the companies have robust processes in place to identify and address the risks as well as possible negative impacts on users and society at large, and that these are followed up and evaluated on a continuous basis.

#### Company dialogues

The company dialogues within the initiative have continued and developed further during 2024. At the end of the year, dialogue had been established with six of the seven target companies, through both physical and digital meetings. One company has so far declined to participate in the dialogue and instead referred to its public disclosures, however attempts to establish a constructive discussion are still ongoing.

The topics discussed with the companies vary depending on the type of their operations, the content and breadth of their public reporting, as well as on how far the dialogues have progressed. Common topics in the dialogues during 2024 include governance, oversight and evaluation of relevant processes and targets connected to the respect for human rights. The dialogues have also touched on how the companies are preparing for regulatory requirements in this area.

Transparency is key for investors' ability to make informed decisions about companies' handling of relevant risks. The dialogues have therefore also addressed details in the companies' public disclosures and opportunities for enhanced transparency. Risks specifically related to children and young users have also been discussed in several of the dialogues conducted during 2024. Even though AI is not a particular focus in initiative, several company dialogues have also addressed the

human rights risks related to AI-generated content.

#### Knowledge-building

An important element of the investor collaboration is to continuously build and share knowledge of tech and human rights issues within the group as well as with the companies and other stakeholders.

In 2024 the Council on Ethics organised the following knowledge-sharing seminars addressing topics of relevance for the company dialogues:

- With the [Global Network Initiative](#) on their work related to freedom of expression and integrity in the tech industry, as well as what the GNI corporate membership and assessments entail.
- With the [World Benchmarking Alliance](#) in relation to developments in their Ranking Digital Rights research about companies' management of digital rights, and the Collective Impact Coalition for Ethical Artificial Intelligence.
- With [Corporate Europe Observatory](#) and [EIRIS Foundation](#), on lobbying – in particular tech companies' lobbying in the EU and the Social LobbyMap.

The Council on Ethics also maintained active contact with other investor initiatives with a similar focus, and presented the project externally.

#### Next steps

During 2025, the investor collaboration will enter its third year. The company dialogues, knowledge-sharing sessions and other collaboration activities will continue.

[Read more about the Big Tech & Human Rights investor collaboration here »](#)

## BIG TECH & HUMAN RIGHTS

Investor Collaboration

### Regulatory interest

The regulatory interest in tech and human rights has developed further during 2024, not least with the EU Digital Services Act (DSA) being fully implemented from February 2024. The main goal of the DSA is to prevent illegal and damaging activities online and the spread of disinformation. The Act stipulates requirements on companies that provide digital platforms and search engines in the EU and specific obligations on the largest platforms, which includes six of the seven target companies in the Big Tech & Human Rights collaboration. The companies risk fines of up to 6 percent of global turnover if the requirements are not met. The EU Commission – the DSA supervisory authority – had conducted investigations into several companies during 2024, and as a result initiated proceedings against Alibaba and Meta, among others.

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## Focus area

# Water

**Good quality and sufficient quantities of water are essential for everything from health and sanitation to production of food and energy. Water is also connected to other global challenges and risks such as climate change, loss of biological diversity and human rights. The Council on Ethics considers that the management and valuation of water has consequences for both people, society and companies.**

Through the Water focus area, the Council on Ethics addresses both quantitative and qualitative factors that have an impact on the availability of water of sufficient good quality and quantity. Water scarcity may seem to be a distant issue in many places in developed countries but only 3 percent of all water on Earth is fresh water, and of that only about 1.2 percent can readily be used as drinking water. More than two billion people around the world lack access to safe drinking water.

At the same time, demand for and the industrial use of water are increasing at a fast pace, especially as a result of population growth, economic development and new consumer patterns. As a consequence, water is a scarce resource and water pollution worsens, which in turn risks negatively impacting communities, the environment and industries dependent on water. World Resources Institute estimates that more than 30 percent of global GDP will be exposed to water

shortages by 2050. Water-related risks therefore constitute an urgent and escalating global challenge, which also can have considerable consequences for companies and investors.

Water quality is also affected by various industrial processes. The use of hazardous chemicals is associated with negative consequences for both human health and biological diversity, with insects, pollinators and bird populations impacted negatively. The production of chemicals has increased significantly since the 1950s and it is estimated to grow three-fold by 2050 compared with 2010. At the same time, scientists deem the presence of hazardous chemicals in nature already has exceeded planetary boundaries.

So called forever chemicals such as PFAS (per- and poly-fluoroalkyl substances) are not broken down but instead pass through drinking water and food chains. The World Health Organisation has highlighted that negative health impacts such as cancer, heart diseases and weakened immune systems



can be linked to exposure to chemicals. Due to the impact on people, a strong demand to regulate forever chemicals in both the EU and several US states, and a growing number of litigation processes against both chemical companies and downstream users, PFAS is also referred to as “the new asbestos”.

## Progress in the focus area

2023

Start of the Council on Ethics' involvement in the projects. The Council on Ethics and the AP Funds participate in dialogues with nine companies.

2024

The dialogues continue. The Council on Ethics also carries out a number of knowledge-sharing activities related to water risks, and exchanges with chemicals experts.

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## Project: Investor Initiative on Hazardous Chemicals

### Background facts

**Region:** Global

**Topic:** Hazardous chemicals

**Number of companies:** 50

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

Since 2023, the Council on Ethics participates with some 60 global investors with around USD 2tn in assets under management through the Investor Initiative on Hazardous Chemicals (IIHC). In the initiative, the investors conduct collaborative engagements with chemicals companies in order to increase transparency and encourage a reduction in the production of PFAS, so called forever chemicals. IIHC is co-ordinated by ChemSec, experts in hazardous chemicals. The initiative covers 50 companies. The Council on Ethics and the AP Funds participate in the dialogue with seven companies.

#### Project objectives

The objective of the project is that the chemicals industry phases out the use of hazardous chemicals. There are three specific target areas, namely that companies should:

- Increase transparency with regard to their exposure to hazardous chemicals.
- Publish a time-bound plan for phasing out products containing so called forever chemicals. The plan should include clear indicators that enable tracking of progress.
- Develop safer alternatives.

#### Outcomes

ChemSec produces an annual ranking of the chemicals companies targeted by the initiative.

The companies are evaluated on the basis of their work to phase out hazardous chemicals and transition to safer alternatives. The seven companies with which the Council on Ethics and the AP Funds participate in dialogue have demonstrated an improvement in the most recent ranking. Analysis from the most recent evaluation as well as the dialogues shows that transparency about the production of hazardous chemicals and how associated risks are managed have in many instances improved throughout the industry. Several companies have improved their reporting about hazardous substances.

The analysis also shows that an increasing number of chemicals companies highlight the material financial risks associated with hazardous substances, and commit to address these. However, the commitments are deemed to be insufficient.

Production and use of hazardous chemicals persist at high levels, and both positive and negative trends with regard to PFAS have been noted. On the one hand, some companies have started investing in mapping PFAS in their products and processes, and prepare to phase them out. Some companies also consider upcoming regulation as a business opportunity and have started to develop PFAS-free alternatives. On the other hand, other chemicals companies have plans to increase their production of PFAS since they consider it essential for society and that there are no available alternatives.

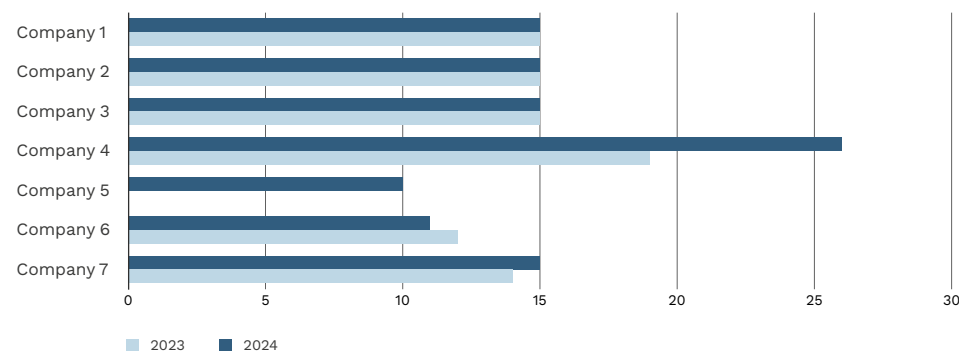
#### Next steps

During 2025 the company dialogues will continue, focusing on the development opportunities identified in the most recent evaluation.

[Read more about the Investor Initiative on Hazardous Chemicals here »](#)



Progress according to ChemScore, companies with which the Council on Ethics and AP Funds participate



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## Interview:

# Anna Warberg about water resource management



## Background facts

**Region:** Global

**Topic:** Responsible use of water resources

**Number of companies:** 72

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

In 2023 the Council on Ethics joined the Valuing Water Finance Initiative (VWFI), a global collaboration between more than 100 institutional investors with around USD 18tn in assets under management, with the aim of encouraging improved water resource management.

Anna Warberg, Engagement Director, explains<sup>1)</sup> the Council on Ethics participation in the initiative:

### Why has the Council on Ethics decided to participate in the initiative?

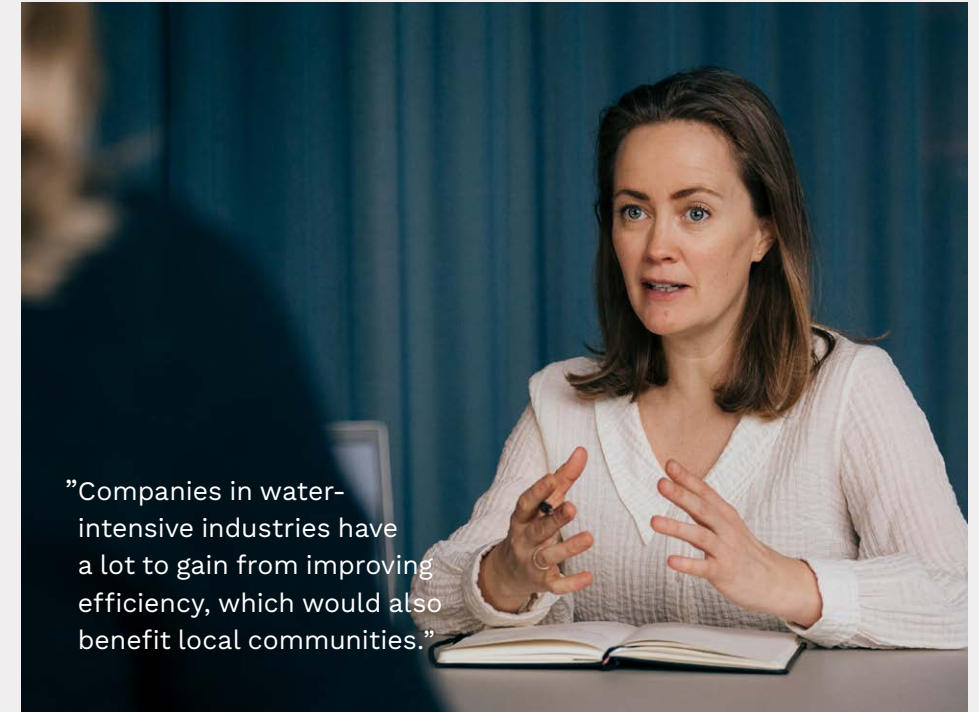
The Council on Ethics considers water scarcity a systemic risk with impacts on both society and companies. We want to encourage companies with greater exposure to water risks – through their location or dependency on large amounts of water – to manage these in a better way. We also see that companies

themselves can gain from streamlining their use of water. In addition, it is often the same sectors where potential negative impacts on common water resources are the most significant. Within VWFI we collaborate with other investors in order to gain a stronger voice in dialogues with companies, and benefit from the expertise of the investor network Ceres that co-ordinates the initiative and analyse company performance.

### What is the aim of the project?

VWFI targets companies in water-intense industries whose performance in six specific areas defined by the [Ceres Corporate Expectations for Valuing Water](#) is deemed to be low. The overarching goal of the project is to drive improvements in the companies' management of water supplies in areas of water stress, as well as their impact on water quality. Companies are expected to identify and address water risks in their entire value chains, and take responsibility for impacts on both the environment and local communities. The executive leadership and board should have oversight of the company's management of water resources, and lobbying should be conducted in line with sustainable water resource management.

The Council on Ethics' practical expectations is that companies should adopt policies that address both quantity and quality in the entire value chain. The companies should also adopt science-based and time-bound targets,



“Companies in water-intensive industries have a lot to gain from improving efficiency, which would also benefit local communities.”

and regularly report on these. It is also important that the companies regularly conduct risk and water impact assessments, especially in areas of water stress.

### What is the progress in the dialogues?

The initiative targets 72 companies, and dialogues have been initiated with more than 20 of these. The Council on Ethics plays an active role in the dialogue with a consumer goods company and one apparel company. In both cases, meetings have been held during 2024 in which we have expressed our expectations on the companies. The Council on Ethics assesses that we have established a constructive dialogue. The companies often

have targets and KPIs for water use and efficiency in their own operations. We also note that companies, especially in food and beverages, have improved their reporting about water risks and operations in areas of water stress. However, in the dialogues we have emphasised how companies can better integrate the value chain perspective in their water strategies and reporting. Progress towards the objectives is measured by Ceres in a benchmark every other year, with the next evaluation due in 2025.

[Read more about the Valuing Water Finance Initiative here »](#)

<sup>1)</sup> Parts of the interview were included in an [article published by ESG Investor](#) in October 2024

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## Project: Biodiversity and food production

### Background facts

**Region:** Global

**Topic:** Biological diversity and sustainable food production

**Number of companies:** 20

**UN Sustainable Development Goals:**



[Read more about the goals here »](#)

The topic of sustainable food systems – that can meet the demand from the world’s growing population despite limited access to energy and water – has among others been highlighted in the Declaration on Sustainable Agriculture, Resilient Food Systems and Climate Action which was adopted at COP 28 in Dubai 2023. In 2021 the Council on Ethics initiated a project focused on sustainability and resilience in agriculture, agrochemicals, packaged food and food retail. The project, which has been led by a service provider<sup>1)</sup> and carried out in collaboration with other institutional investors, was concluded in July 2024.

The project has consisted of dialogues with 20 companies. In addition to the company dialogues, a roundtable meeting about regenerative agriculture has been held between companies, investors and other experts.

**Project objectives**

The project has covered six target areas for a sustainable food production:

1. Governance
2. Biodiversity and land use
3. Water resources and food waste
4. Sustainable product range

5. Strengthened supply chain
  6. Collaboration for sustainable food production.
- The companies can achieve two points per target area, and the total score is calculated as an average of the six target areas.

**Outcomes**

The Council on Ethics has noted a positive development in all six target areas. The most significant improvements have occurred in the areas “biodiversity and land use” and “strengthened supply chain”, even if there is still room for improvement in both. The companies have demonstrated different types of programmes and targets focused on biological diversity. Ten of the companies publish a target to protect or regenerate forest, but these are assessed to need to be developed into more comprehensive strategies. The companies’ initiatives often address sustainable working practices in the supply chains, but the monitoring could be improved.

The strongest performance is noted in the target areas “collaboration for sustainable

food production”, “water resources and food waste” and “governance”, albeit with room for improvement. Among food retail companies, certain initiatives to coordinate product development and sustainability strategies have been noted, such as through the development of sustainability-certified products. However, the companies should be able to improve the dialogue with peers, concerning for example the EU’s deforestation regulation, measurement of scope 3 emissions and risk assessments related to biological diversity.

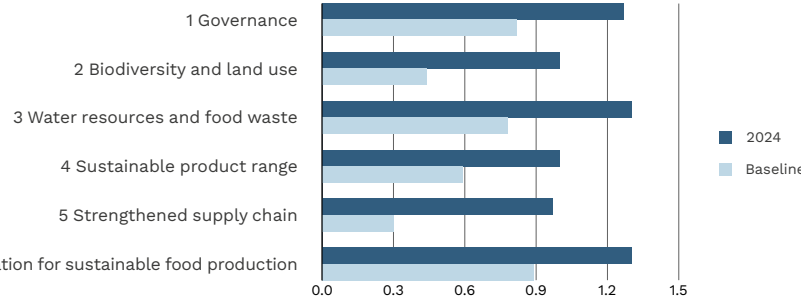
All companies have demonstrated improvements during the course of the project. Argicultural and agrochemical companies have shown the best performance at the end of the project, ahead of food producers and retailers.

**Conclusions**

The project addresses a complex issue which requires different industries to work together, employing a system lens to the challenges. The Council on Ethics appreciates the improvements which have been noted across the six target areas as well as for individual

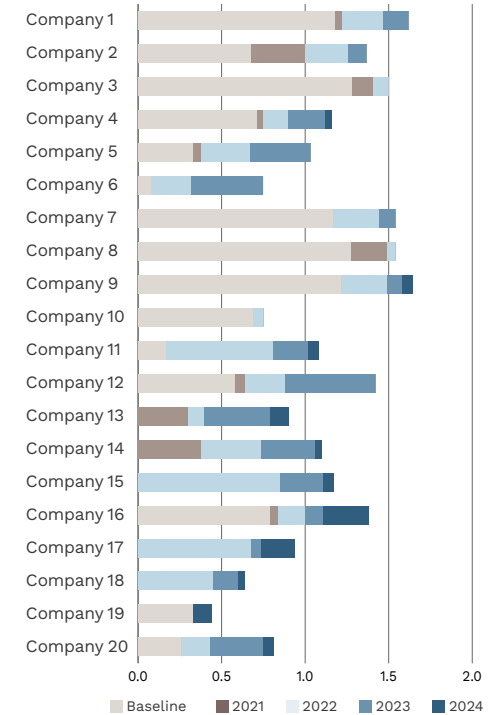
companies, but note the remaining opportunities for improvement especially with regard to biological diversity, land use and supply chain resilience. The Council on Ethics will continue to address several of the issues, such as within the focus area Water and the projects targeting food sector companies’ management of water resources and the phase-out of hazardous chemicals.

Progress in each target area for all companies, since inception



The average score for each target area is affected both by changes in scores and by changes in the companies selected.

Progress in each target area for all companies, since inception



For companies added during the course of the project, the score is only shown for the relevant years.

<sup>1)</sup> Morningstar Sustainability

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○ Reactive work

# Engagement to address severe incidents

In its reactive work, the Council on Ethics acts on signals of severe violations in the AP Funds' portfolios. Through exerting influence on companies, encouraging them to a more systematic approach to sustainability, the Council on Ethics also acts to prevent recurrence.

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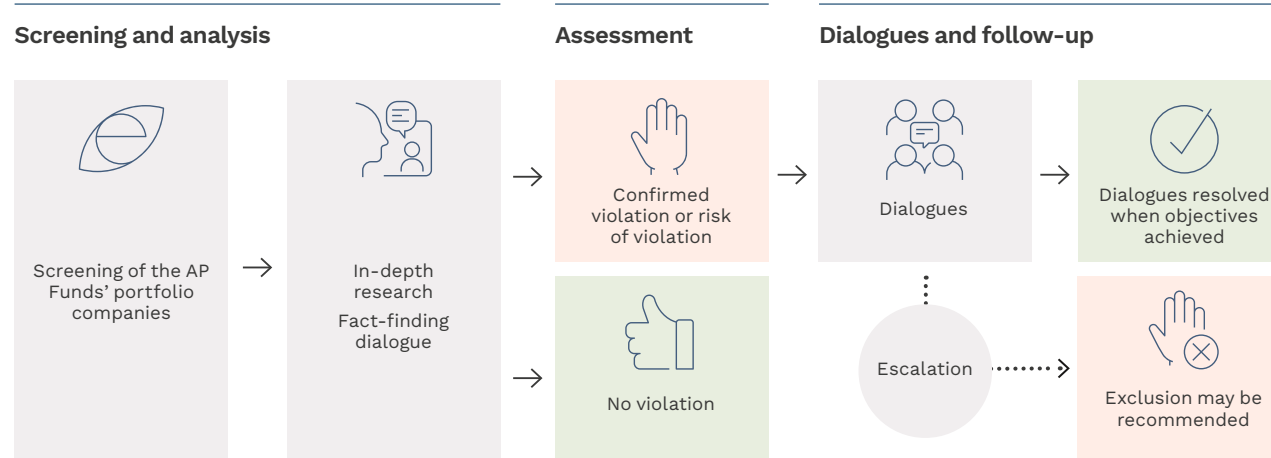
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# Reactive work: screening and engagement

The Council on Ethics’ reactive work aims to identify, analyse and act on signals of violations in the AP Funds’ portfolios. The objective of the reactive dialogues is that the companies take measures and prevent similar incidents from occurring in the future.



Twice a year, the Council on Ethics screens foreign companies within the AP Funds’ global listed equity and credit portfolios to identify any violations of the international conventions and frameworks that Sweden supports. If a violation is identified, the Council on Ethics initiates a dialogue with the company.

The dialogues should result in the companies addressing the issues – including through remedy to those affected – and minimise the risk of them recurring. The Council on Ethics focuses on companies improving their policies, implementation and transparency.

A dialogue usually lasts for several years, as it can take time to address and mitigate incidents. If a dialogue does not lead to the outcome that the Council on Ethics considers reasonable, the Council on Ethics may recommend the AP Funds to exclude the company. However, this is a last resort that is always preceded by a systematic process of escalation in which the Council on Ethics explores further opportunities to influence the company to improve. The Council on Ethics uses service providers for both analysis and dialogue <sup>1)</sup>. The Council on Ethics always makes its own assessment and, if necessary, conducts its own dialogues.

<sup>1)</sup> Main service provider: Morningstar Sustainalytics

## Key concepts

### ● Confirmed violation

Cases are considered confirmed based on a number of criteria such as the severity of the violation, the scale and preventability, how closely the company is involved or linked to the violation, and the company’s handling of the situation.

### ● Risk of violation

Cases that do not meet all the criteria for a confirmed violation, but where the Council on Ethics assesses the severity as high. Also includes cases which are under investigation.

### ● Progress

Measured in milestones: 1. Addresses the issue 2. Establishes a strategy 3. Starts implementation of the strategy 4. Demonstrates appropriate development of strategy and transparency 5. Strategy implemented and objectives of dialogue fulfilled.



### ● Progress during the year

Illustrated with arrows in different colours:



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# The reactive work during 2024

In the screening conducted by the Council on Ethics in September 2024 – covering more than 3,300 holdings – a total of 89 companies were identified with a confirmed violation or at risk of violation. 3,218 companies passed the screening without comment.

## Companies in dialogue

During 2024, reactive dialogues were conducted with 66 companies. Of these, dialogues with 47 companies were still ongoing as of the end of the year (54 companies in dialogue at year-end 2023). The number of dialogues conducted and the number of companies identified with a confirmed violation or at risk of violation may differ. This is explained by the conclusion of some dialogues and addition of new dialogues, as well as changes in the AP Funds' holdings during the course of the year. Examples of ongoing dialogues during 2024, including one site visit, can be found on pages 34–38.

Eight companies achieved the objectives set, and the dialogues were therefore resolved during 2024. The Council on Ethics may on occasion conduct more than one dialogue with a given company, and with some companies one dialogue has been resolved during 2024 while another continues. Resolved dialogues are described in more detail on pages 39–43. The Council on Ethics recommended exclusion of one company during 2024. This is described in more detail on page 44.

## Dialogues and milestones

A total of 34 milestones were achieved in the dialogues which were conducted during 2024 (36 milestones in 2023, 66 in 2022). Of these, nine milestones were achieved in the dialogues which were resolved during 2024. The statistics include all milestones achieved in all reactive dialogues conducted with companies during 2024.

47 companies in dialogue at the end of 2024

77 dialogues ongoing during the year

8 companies have achieved the objectives and the dialogue has therefore been resolved

## Screening

	2024	2023	2022	2021	2020
Number of screened companies in AP Funds' portfolios	3,307	3,510	3,202	3,168	2,430
Of which, with confirmed violation	12	18	28	23	22
Of which, with risk of violation	77	66	83	89	72
Of which, without comment from screening	3,218	3,426	3,091	3,056	2,336

## Changes in the number of companies in active dialogue in 2024

Number of companies in dialogue, December 2023	54
Companies with resolved dialogue, with objectives achieved in the dialogue	-8
Companies with resolved dialogue, for other reasons*	-
Companies with new dialogues initiated	3
Companies recommended for exclusion by the Council on Ethics	-1
Changes in AP1–4's holdings, net number of companies	-1
<b>Number of companies in dialogue, December 2024</b>	<b>47</b>

\* For example, the company has sold the business concerned.



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# Reactive dialogues about severe violations

The reactive work relates to companies involved in incidents around the world, and concerns sustainability areas such as human rights, labour rights, environment and business ethics.

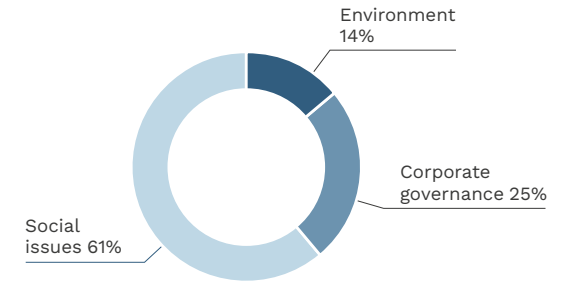
Social topics, including human rights and labour rights, is the most common sustainability area of the reactive dialogues conducted during 2024 (61 percent). For example, several dialogues during the year have addressed land rights, labour rights and occupational health and safety.

The regions where most incidents have occurred are North America (35 percent of all dialogues during 2024) or Asia (just below 30 percent). In total, more than half of all

dialogues relate to incidents which have occurred in developing markets. The sector which most frequently features in the dialogues is Materials (21 percent), which includes the mining industry.

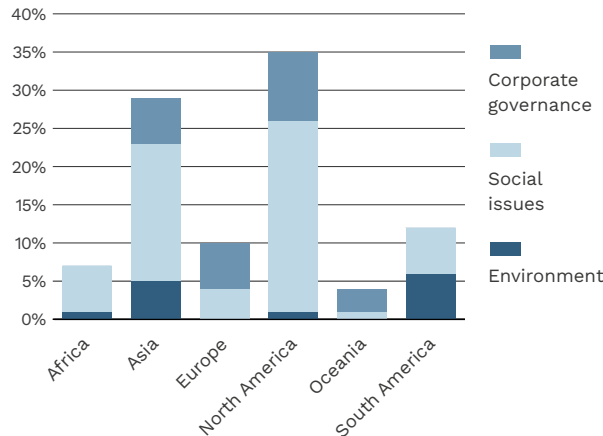
In terms of progress and outcomes of the dialogues, more than half had reached milestone 3 or 4 during 2024 – meaning that the companies have begun or demonstrated relevant progress in implementing a strategy to address the violation and mitigate recurrence. Outcomes in terms of milestones achieved in individual dialogues are presented in the table on page 33.

## Reactive dialogues, by sustainability area



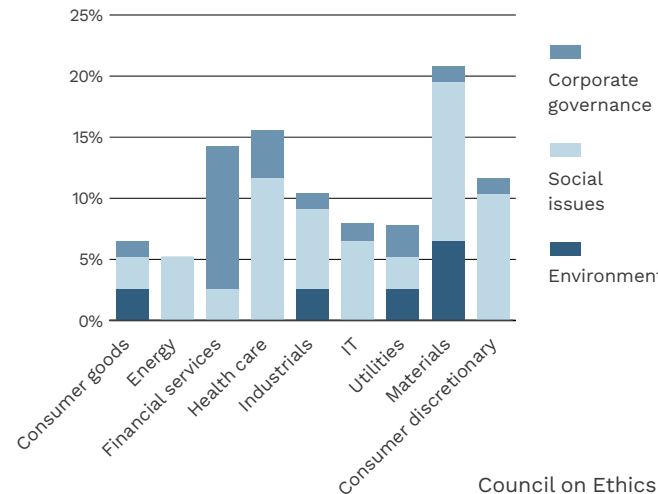
## Reactive dialogues, by region

Region and sustainability area where the incident has occurred.

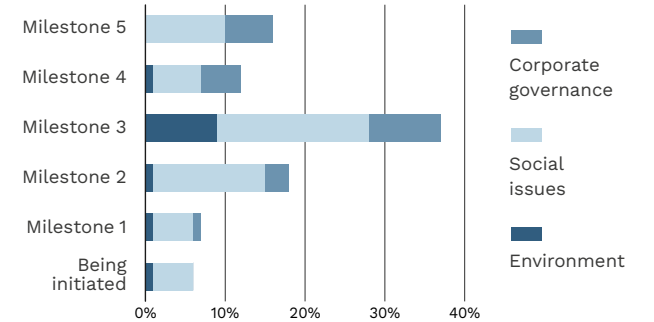


## Reactive dialogues, by sector

Sector and sustainability area that the incident relates to.



## Status in the reactive dialogues



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# Progress in the reactive dialogues

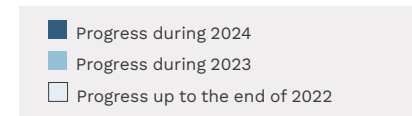
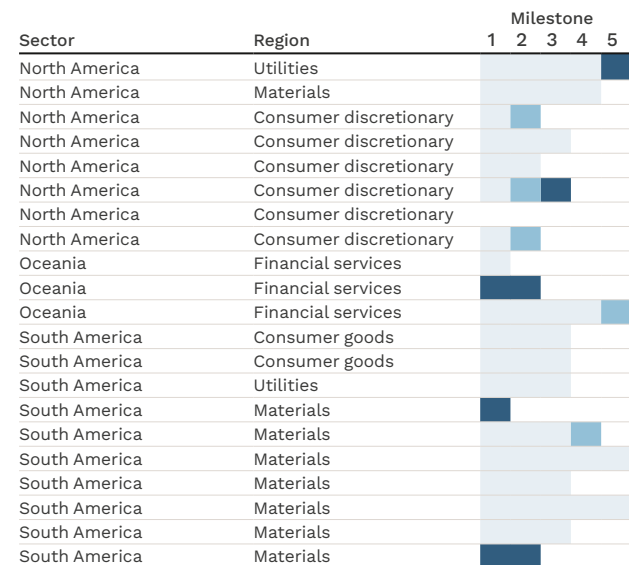
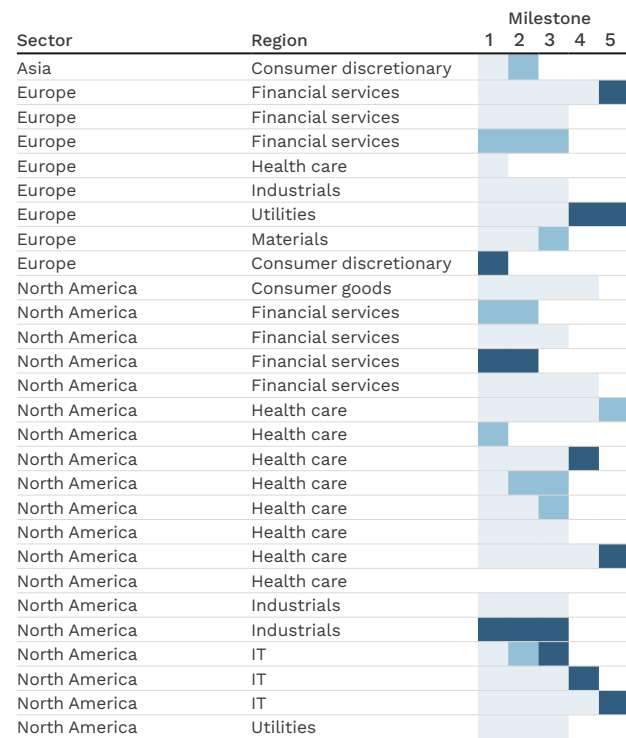
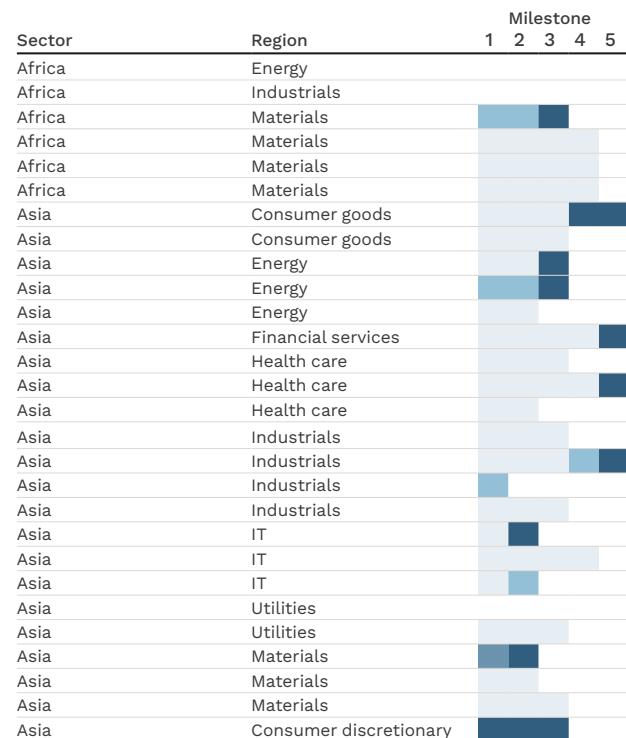
At the start of a reactive dialogue, clear objectives are set. The companies' management of the issues and progress towards the objectives is measured on a continuous basis against specific milestones. After an initial phase – which may consist of an investigation of the incident – the Council on Ethics wants to see that the company formulates a strategy and monitors the implementation of the strategy. Transparency is also an important component, and the Council on Ethics expects

companies to report on measures taken to address the issues as well as evaluations of their effectiveness.

A reactive dialogue usually lasts for several years, since it can take time to address and mitigate the issues. During 2024, 34 new milestones were achieved across all dialogues conducted during the year. The initial milestones can often be achieved more quickly than the later milestones, as it can take time to implement a strategy and demonstrate the results from this.

### Progress monitored through five milestones:

1. Addresses the issue
2. Establishes a strategy
3. Starts implementation of the strategy
4. Demonstrates appropriate development of strategy and transparency
5. Strategy implemented and objectives of dialogue fulfilled.



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Ongoing dialogue

# Dialogue with Blackstone about working conditions and child labour



## Background facts

**Status dialog:** Ongoing

**Company:** Blackstone

**Country:** USA

**Area:** Social issues

**Progress during 2024:** ▼

**Milestones achieved:**



The dialogue with Blackstone was initiated in 2023 after the United States Department of Labor (DoL) announced that the federal investigation had found that Packers Sanitation Services Inc. (PSSI) had employed at least 102 children in hazardous occupations and working overnight shifts at 13 meat processing facilities across eight US states. PSSI was acquired by the investment company Blackstone in 2018. The Council on Ethics’ dialogue with Blackstone concerns its responsibility for and oversight of sustainability within its portfolio companies. In parallel, the Council on Ethics monitors PSSI’s management of the incidents involving underage workers in a hazardous working environment.

PSSI reached an agreement with the DoL to implement remedial measures to help prevent the hiring of minors. The measures include using the Federal Government’s E-Verify system as well as biometric identity and age verification. The company should also commission a third-party audit of its procedures and conduct monthly unannounced inspections to track compliance. The programme also includes providing enhanced identity theft training, launching a campaign encouraging local employees to anonymously report any concerns, hiring new compliance personnel and enhancing standard hiring screening processes.

## Objectives for the dialogue

The Council on Ethics’ objective for the dialogue is for Blackstone to have a robust governance framework in place to ensure effective oversight and support to PSSI in the implementation of the compliance and remedial programme developed with the DoL. The company should demonstrate responsibility for portfolio companies to respect human rights, especially the rights of children, and provide remedy in cases of negative impacts.

## Outcomes

Blackstone has not been open to dialogue and has instead referred directly to PSSI. A separate dialogue with PSSI has been very constructive. PSSI has shared details of measures taken to improve compliance with its policy which already prohibited the use of underage workers. The company has introduced a process for managers to confirm their understanding of the policy and formally commit to abide by it. The dialogue has also touched on facial recognition technology at PSSI’s sites, how the company’s compliance department conducts audits as well as how the corporate culture and communication from senior management supports the company’s commitment that child labour should not be used in its operations.

## Next steps

The Council on Ethics notes that PSSI is responding positively and that the implementation of the compliance and remedial programme with the DoL is assessed to lead to improved processes and age verification, thereby ensuring that the incidents are not repeated. The Council on Ethics continues to encourage Blackstone to participate in the dialogue.

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Ongoing dialogue

# Dialogue with JBS about deforestation and biodiversity



## Background facts

**Status dialog:** Ongoing

**Company:** JBS

**Country:** Brazil

**Area:** Environment

**Progress during 2024:** ▶

**Milestones achieved:**



Following allegations of links to deforestation in Brazil, the Council on Ethics contacted JBS in 2019 and started a dialogue in 2020. The expansion of livestock farming and soybean cultivation is restricted in many parts of Brazil to prevent deforestation in the Amazon, Cerrado and other biomes. JBS, one of the world’s largest meat producers, is continually improving controls and actively excludes direct suppliers with violations. However, extending these processes to include indirect suppliers has been challenging. The Brazilian Environmental Protection Agency (IBAMA) has repeatedly fined various units of the company for violations of purchase bans. In October 2024, the company was

fined USD 63 million for raising or buying cattle on illegally deforested land in the Amazon.

## Objectives for the dialogue

The Council on Ethics’ objective for the dialogue is for JBS to stop buying cattle, meat and/or animal feed from suppliers that are either directly or indirectly involved in illegal deforestation. The company should develop and implement wide-ranging measures to identify non-compliant suppliers. In addition, JBS should step up cooperation with other significant stakeholders to reduce illegal deforestation.

## Outcomes

JBS has committed to zero illegal deforestation in all Brazilian biomes by the end of 2025 for its direct and Tier 1 indirect cattle suppliers. The company has a responsible commodity-sourcing policy, has signed up to the Cattle Moratorium, and excludes sourcing from thousands of farms. The company has fully mapped and traced its direct suppliers, and now the key issue is trying to do the same for its indirect suppliers. JBS has been working to increase enrolment onto its Transparent Livestock Farming Platform,

its main solution for mapping and tracing indirect suppliers. JBS states that suppliers representing 70 percent of its total annual beef supply are currently enrolled and that those not enrolled by 2025 will be excluded. The company has provided a detailed update on its programme piloting individual animal IDs at its Maraba plant in order to improve traceability, as well as on its engagement with high-risk suppliers at the beginning of the supply chain via its Juntos programme within the scope of the Fund for the Amazon that the company created in 2020.

## Next steps

Going forward, the dialogue will focus on the enrolment of indirect suppliers into its Transparent Livestock Platform, its pilot program on individual animal IDs, as well as questions related to legislation in Brazil. This dialogue is one of two that the Council on Ethics has conducted with JBS during 2024. The other dialogue relates to business ethics and anti-trust in the USA.

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Ongoing dialogue

# Dialogue with Samsung Electronics about bribery and corruption



## Background facts

**Status dialog:** Ongoing

**Company:** Samsung Electronics

**Country:** South Korea

**Area:** Corporate governance

**Progress during 2024:** ▲

**Milestones achieved:**



The Council on Ethics initiated the dialogue with Samsung Electronics about bribery and corruption in 2017. Samsung Electronics and Lee Jae Yong, vice chairman of Samsung Electronics (SE) and the de facto leader of Samsung Group, have been under various investigations since 2016. One investigation – started in 2016 – concerns donations made by the company to foundations controlled by a friend of the impeached, then-South Korean president. In 2017, Lee was arrested on charges of bribery and sentenced to five years in prison. In August 2022, Lee was granted a special presidential pardon that cleared the 2017 conviction from his record. Lee Jae Yong is also one of 11 Samsung executives accused of accounting fraud, stock price manipulation and breach of

trust in connection with the 2015 merger of Cheil Industries and Samsung C&T. In December 2019, a court jailed three SE executives for destroying evidence related to the alleged accounting fraud at Samsung BioLogics.

## Objectives for the dialogue

The Council on Ethics’ objective for the dialogue is for the Samsung Electronics governance framework to ensure effective oversight and implement anti-corruption practices across the organisation. Samsung Electronics should implement a cultural change which targets corruption throughout the company.

## Outcomes

Samsung Electronics has strengthened its governance structure and compliance programme. A new external and independent Compliance Committee oversees the compliance and controls against corruption, and provides recommendations to the Board on possible improvement. The Committee operates an independent whistleblower channel, reviews the effectiveness of the compliance programme and the investigation reports concerning any compliance case reported via the whistleblower channel. Samsung Electronics has also

strengthened the compliance training for all executives and employees on the revised global anti-corruption policy and compliance process. It includes a mandatory anti-corruption training session for new executives, and an expanded anti-corruption training for the executives in charge of compliance from once to twice a year.

The engagement dialogue with Samsung Electronics during 2024 has been positive. The company has been open and willing to discuss these issues and its improvement work. The main challenge for the company is to strengthen a culture of integrity across all business units. The Council on Ethics monitors any updates to the recommendations provided by the Committee and measures taken by the company.

## Next steps

The Council on Ethics will continue the dialogue with Samsung Electronics to monitor how it develops and embeds the policy and governance changes.

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## The Council on Ethics visits

# Sibanye Stillwater – dialogue about occupational health and safety

## Background facts

**Status dialog:** Ongoing

**Company:** Sibanye Stillwater

**Country:** South Africa

**Area:** Social issues

**Progress during 2024:** ▶

**Milestones achieved:**



The dialogue with the mining company Sibanye Stillwater was initiated in 2018, following multiple fatalities at its operations in South Africa. Despite significant investment in safety training and preventative measures, fatalities have continued to occur at the company's mines in South Africa – albeit at lower levels than in 2018.

In February 2024 Fredric Nyström, member of the Board of the Council on Ethics, visited the company's sites in Rustenburg near Johannesburg in South Africa. Site visits are very valuable in order to gain an enhanced understanding of a company's day-to-day operations and circumstances. Around 15,800 people work at the site where the company mines platinum group metals. During the site visit the Council on Ethics noted the company's efforts to improve its safety culture, for example through more extensive information and

instructions to employees. The safety work appears to have improved on the whole, even if there are continued opportunities for improvement in ensuring compliance throughout the entire organisation.

## Objectives for the dialogue

The Council on Ethics' objective for the dialogue is that Sibanye Stillwater investigates all incidents, identifies the main causes of the incidents, introduces improvements in the safety training and work processes in order to strengthen awareness of safety risks, and also improve compliance. The Council on Ethics also wants to see that the measures introduced result in a sustained decrease in the fatality numbers.

## Outcomes

The dialogue with Sibanye Stillwater during 2024 has been constructive. The company is demonstrating a willingness to address issues, and transparency in its public disclosures has improved – both about accidents that have occurred and about measures taken to prevent recurrence.

Sibanye Stillwater has introduced rock mass management studies to better understand seismic fall of ground incidents, as well as measures to decrease the energy released from such incidents. The company has increased the use of seismic monitoring and introduced a new health and safety management system. Sibanye Stillwater has started reporting a new safety metric, namely the total recordable injury frequency rate, as a complement to the actual number of recordable injuries. The company has also introduced new training for all staff, which consists of video-based learning, simulated job-specific training, and videos containing learnings from previous fatalities.

Whilst fatalities have varied in recent years – with a downward trend – the company's latest report indicates that fatalities increased to 11 in 2023 (across the company as a whole). Sibanye Stillwater states that that failure to comply with safety procedures was a common contributory factor.



## Next steps

The Council on Ethics continues the dialogue with Sibanye Stillwater with a focus on continued improvement of its safety work, with monitoring of the accident reporting and outcome of measures taken by the company.

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Ongoing dialogue

# Dialogue with Wilmar about community relations



## Background facts

**Status dialog:** Ongoing

**Company:** Wilmar

**Country:** South Africa

**Area:** Social issues

**Progress during 2024:** ▶

**Milestones achieved:**



The dialogue with Wilmar International was initiated in 2017 due to allegations of controversial land acquisitions and development in Africa and Southeast Asia, with negative human rights impacts. Wilmar is an agricultural company with oil palm cultivation in Africa and South East Asia. The company is accused of engaging in forced land eviction with improper compensation. In February 2017, the Roundtable on Sustainable Palm Oil found Wilmar liable for violating the rights of the indigenous Kapa community of West Sumatra, Indonesia. Further allegations have been raised concerning Indonesia and Nigeria, with report from Friends of the Earth (2018) and the Nagari Institute (2019). In July 2020, members of Cross River communities in Nigeria threatened

to sue Wilmar for marginalizing women and not respecting their land rights. Wilmar denied these allegations.

## Objectives for the dialogue

The Council on Ethics’ objective for the dialogue is for Wilmar to resolve active complaint cases and take appropriate measures against any identified gaps. The company should also strengthen implementation of its policies by reporting more regularly on progress and the outcomes of site audits.

## Outcomes

Wilmar has previously been reluctant to engage in dialogue but has recently shown itself to be more open and accessible. During 2024, a digital meeting was held to discuss the company’s risk assessment and due diligence related to land rights. Wilmar elaborated on its use of the principle of Free, Prior and Informed Consent (FPIC), the globally established standard for consultation with indigenous groups in relation to projects which have an impact on their land, territories and natural resources.

The Council on Ethics notes that Wilmar has developed policies and responses to prevent re-occurrence since the initial allegations were raised against the company. The

company relies on RSPO new planting procedures to ensure engagement is carried to a recognised standard. The use of RSPO’s guidelines – in particular the grievance address mechanism – leads to improved transparency. Wilmar has also developed a women’s charter and established women’s committees throughout all parts of their operation in order to ensure enhanced involvement in relevant decision making.

## Next steps

The Council on Ethics will continue the dialogue with Wilmar in order to develop the understanding of how the company delivers against its policy commitments, and how for example the women’s committee enables women’s participation.

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Resolved dialogue

# Dialogue with Adani Ports about human rights

Background facts

Country: Myanmar

Area: Social issues

Progress during 2024:



Milestones achieved:



The dialogue with Adani Ports & Special Economic Zone (APSEZ) was initiated in 2021 due to an assessment that the company had indirectly financed human rights violations in Myanmar through its business relationship with Myanmar Economic Corporation (MEC), a company with links to the military junta. APSEZ’s wholly-owned subsidiary had entered an agreement with MEC to build a container terminal in Yangon, and thereafter maintain it for 50 years.

The Council on Ethics’ objective for the dialogue has been that APSEZ should undertake human rights due diligence, adapted to the specific situation in the region. The company should engage with relevant stakeholders and take any necessary actions to ensure the business relationship with MEC does not make it complicit in any human rights violations. Should this not be possible, the company should withdraw from the partnership.

Outcomes

In October 2021 APSEZ announced that it aimed to terminate its operations in Myanmar. The exit, which was completed in 2023, has been verified by third parties to have been conducted responsibly.

APSEZ has made significant human rights commitments. During the course of the dialogue the company has shared information about how it has strengthened the internal governance and implemented measures aimed at improving its management of human rights issues, such as through dedicated training, stakeholder engagement and needs assessments. The company has committed to continue to report on its human rights work, and to commission third party consultants with expertise in human rights to undertake due diligence in all new operations located in high-risk settings.

Based on APSEZ responsible exit from the country, and its commitments to conduct human rights due diligence in the future, the Council on Ethics considers that the objectives of the dialogue have been met. The dialogue has therefore been resolved, however a separate dialogue about environmental impact from projects in India and Australia continues.

Resolved dialogue

# Dialogue with Danske Bank about business ethics

Background facts

Country: Estonia

Area: Corporate governance

Progress during 2024:



Milestones achieved:



The dialogue with Danske Bank was initiated in 2017 due to reports of suspicious money laundering transactions made by customers in Estonia, and the ensuing investigations by regulators in several countries into the bank’s management and control of money laundering risks.

The objectives of the Council on Ethics’ dialogue have been that Danske Bank should ensure the implementation of risk management systems and internal controls that aim to prevent financial crime, and that the Board has sufficient and effective oversight of the business.

Outcomes

At the end of 2023 Danske Bank announced that it has fully executed its multi-year Financial Crime Plan, with a focus on money laundering. Throughout the

dialogue, the bank has continuously provided updates about the plan’s 22 work-streams. Improvements have spanned compliance, risk management, sanctions and Know-Your-Customer (KYC) concerns, as well as a variety of anti-money laundering measures, and systems and technology advances.

Danske Bank has also concluded its “Better Bank” strategy, which includes the establishment of the “Compliance Under Control” programme. In 2022, the company settled all issues with Swedish, US and Danish regulators.

Based on the company’s steps taken to address money laundering concerns – through risk management systems, KYC and internal controls – the Council on Ethics considers that the objectives of the dialogue have been met. The dialogue is therefore resolved.



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Resolved dialogue

# Dialogue with EDP about bribery and corruption

**Background facts**

**Country:** Portugal

**Area:**  
Corporate governance

**Progress during 2024:**



**Milestones achieved:**



The dialogue with Energias de Portugal (EDP) – Portugal’s largest producer and distributor of electricity – was initiated in 2020 due to allegations of corruption. According to the public prosecutor, the Portuguese Minister of Economy benefitted personally when he approved a system to compensate EDP for the early termination of fixed purchase agreements, as well as when he granted a 25-year extension of 27 dam concessions without a public tender.

The objectives of the Council on Ethics’ dialogue have been that EDP should strengthen its governance and controls of corruption-related risks in order to avoid business ethics incidents. The company should commission an independent investigation into the allegations, disclose the findings and show how it plans to enact any recommendations. EDP should also ensure that

employment contracts with executives include both malus and clawback provisions.

**Outcomes**

EDP has improved its ethics and compliance governance by establishing a Board Ethics Committee and appointing an “Ethics Ombudsperson”. The introduction of malus and clawback provisions in executive remuneration have improved governance controls.

EDP has also implemented a Compliance Management System in line with international best practices and has been auditing the efficacy of internal control mechanisms. The company has developed an Anti-Corruption Plan, conducted annual evaluations of corruption risks and made specific enhancements to its whistleblower program to protect whistleblowers and prevent retaliation.

Based on the company’s efforts to improve ethics and compliance governance, implement an Anti-corruption Plan and improve its culture of compliance, the Council on Ethics considers that the objectives for the dialogue have been met, and the dialogue has therefore been resolved.

Resolved dialogue

# Dialogue with Grupo México about employee relations

**Background facts**

**Country:** Mexico, USA and Peru

**Area:**  
Social issues

**Progress during 2024:**



**Milestones achieved:**



The dialogue with Grupo México and its subsidiary Southern Copper was initiated in 2020 due to a range of complaints from trade unions in Mexico, Peru and the USA, mainly related to working conditions, occupational health and safety and alleged retaliation against striking workers. Long-running labour disputes and frequent strikes had been triggered by alleged safety failings, including the 2006 collapse of the Pasta de Conchos mine in Mexico in which there were 65 fatalities.

The objective of the Council on Ethics’ dialogue – which primarily has been conducted with Grupo México, but also has concerned Southern Copper – has been that the company should improve its labour practices in accordance with international standards. The company should improve the publicly available information about how its

commitments are implemented and monitored, and evaluate the effectiveness.

**Outcomes**

Grupo México has implemented several improvements to its policies, its approach to labour rights and its public reporting. The leadership culture related to labour rights is assessed to have matured following changes in senior management.

The company has also demonstrated a more constructive relationship with unions, reached wage agreements and committed to two-year collective agreements. Results in workplace satisfaction surveys is above the industry average, and employee turnover is within industry norms.

Based on the company’s efforts to improve relations with employees, improve working and safety conditions and settle wage disputes, the Council on Ethics considers that the objectives for the dialogue have been met. The dialogue has therefore been resolved, however a separate dialogue regarding leaks, spills and pollution in Mexico remains ongoing.

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Resolved dialogue

# Dialogue with PG&E about quality and safety

**Background facts**

**Country:** USA

**Area:**  
Social issues

**Progress during 2024:**



**Milestones achieved:**



The dialogue with Pacific Gas & Electric (PG&E) was initiated in 2018 due to wildfires in California between 2017 and 2020 that caused fatalities, injuries and widespread destruction of homes and infrastructure. Incident investigations by the California Department of Forestry and Fire Protection revealed that the wildfires were caused by PG&E’s equipment, when vegetation came into contact with its high-voltage lines.

The objectives of the Council on Ethics’ dialogue have been that PG&E addresses the impacts of the incidents, develops a comprehensive, risk-based safety strategy and considers climate change risks. The company should also establish a process for monitoring the execution of the strategy.

**Outcomes**

PG&E has improved its risk governance related to wildfires by implementing measures on several different levels and introducing verification and audits by third parties, through a three lines of defence risk framework. The company has also implemented significant changes to its wildfire prevention strategy by focusing more on proactive measures. One of the key preventative measures has been the undergrounding of 10,000 miles of powerlines to reduce wildfires caused by equipment.

PG&E has also improved its internal safety culture and addressed broader public safety through innovative solutions contributing to mitigating climate risks, introducing grid safety settings and public safety shutdowns. The company has admitted causing several fires, pleaded guilty to manslaughter and has been ordered to pay fines and damages.

Based on the company’s efforts to improve wildfire risk governance, implement the mitigation plan and improve public safety, the Council on Ethics considers that the objectives for the dialogue have been achieved. The dialogue has therefore been resolved.

Resolved dialogue

# Dialogue with Sanofi about product safety

**Background facts**

**Country:** Philippines and France

**Area:**  
Social issues

**Progress during 2024:**



**Milestones achieved:**



The dialogue with Sanofi was initiated in 2020 due to controversies concerning negative impact on patients of its anti-epilepsy drug, Depakine and its anti-dengue vaccine, Dengvaxia. There are allegations related to the deaths of children after receiving Dengvaxia, and that the company did not adequately warn users of birth defect risks associated with Depakine.

The objectives of the Council on Ethics’ dialogue have been that Sanofi should have a robust governance, compliance, and risk management system in place with respect to its research and development of new products. Sanofi should also ensure sufficient levels of disclosure on the risks and side-effects of its products.

**Outcomes**

Sanofi has implemented policies, a thorough drug development process and improved its oversight of product quality and safety. The company publishes a Quality Manual and has a certified Quality Management System. It has a risk management plan for all its products, including appropriate monitoring, labelling, communication, and pharmacovigilance. For both drugs the labels and disclosures are up to date and approved by US and EU regulators. Even though the company has implemented new policies and processes, legal processes in France for Depakine and in the Philippines for Dengvaxia are expected to be ongoing for years.

Based on the steps taken by Sanofi to address product quality and safety in its research and development of new products, as well as its improved governance and risk management, the Council on Ethics considers that the objectives for the dialogue have been met. The dialogue has therefore been resolved.

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Resolved dialogue

# Dialogue with Teva about price-fixing

Background facts

Country: USA

Area:

Corporate governance

Progress during 2024:



Milestones achieved:



Following allegations of anti-competitive practices, contact was made with Teva Pharmaceutical Industries (Teva) in 2019 and a dialogue was initiated in 2020. Teva had allegedly played a central role in an industry-wide collusion to maintain market share, avoid price erosion and keep prices high for over 100 different generic drugs in the USA.

The objective of the Council on Ethics' dialogue have been that Teva takes appropriate actions by investigating the alleged misconduct internally and cooperates with authorities to address the issue. The company should also develop and implement a drug pricing model that ensures equitable access to medicine and implement competition guidelines.

Outcomes

Teva has made efforts to improve the corporate culture, overhauled the integration of ethics throughout the company and appointed a dedicated team which is responsible for oversight. The company has also adopted a decision-making framework and designated staff to review relevant decisions made within their business units. Teva reports openly on the priority ethics now takes in the delivery of day-to-day business.

Teva maintains that it is not practically possible to increase transparency in the setting of prices for generic drugs, but has announced that it plans to discontinue the sale of generic drugs and instead focus on bespoke products, for which a greater degree of transparency can be applied.

Based on Teva's commitments to implement the programmes which have been developed and to seek third party recognition of the approach, the Council on Ethics considers that the objectives for the dialogue have been met. The dialogue has therefore been resolved.

Resolved dialogue

# Dialogue with Uber about data privacy and security

Background facts

Country: USA

Area:

Social issues

Progress during 2024:



Milestones achieved:



The dialogue with Uber Technologies (Uber) was initiated in 2019 due to the company being linked to significant cybersecurity incidents and claims of misuse of customer and user data through internal software tools. The company allegedly failed to protect the privacy of its drivers and users and was negligent in its disclosure of cybersecurity incidents.

The objectives of the Council on Ethics' dialogue have been that Uber improves its privacy programme, such as through measures to ensure and monitor compliance with privacy and data security expectations. The company should also improve public disclosure and its risk preparedness.

Outcomes

Uber has introduced key governance improvements to ensure oversight of data privacy and security, appointed a chief privacy officer and included responsibility for privacy matters in its audit committee charter. The company has also adopted Privacy by Design and use of privacy impact assessments, ISO 27001 certification, and improved disclosure. Uber has also made a culture change a clear component of its privacy management, including through training. The company has also demonstrated preparedness and rapid response to more recent data breaches, such as one occurrence in September 2022. Uber is subject to a mandated bi-annual Federal Trade Commission (FTC) privacy assessments.

Based on Uber's progress in its data privacy and security management, policy strengthening, enhancement of board oversight, improved reporting as well as the preparedness it showed in responding to more recent data breaches, the Council on Ethics considers that the objectives of the dialogues have been met. The dialogue has therefore been resolved.

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Resolved dialogue

# Dialogue with Westpac Banking about money laundering

Background facts

Country: Australien

Area: Corporate governance

Progress during 2024:



Milestones achieved:



The dialogue with Westpac Banking (Westpac) was initiated in 2020 due to allegations from the Australian financial crime regulator that the company has breached anti-money laundering (AML) laws on 23 million occasions between 2013 and 2019. In 2020, the bank admitted to breaching AML laws and agreed to pay a USD 919 million penalty. Westpac allegedly also failed to conduct due diligence on customers connected with the risk of child exploitation in South East Asia.

The objectives of the Council on Ethics' dialogue have been that Westpac should strengthen its AML processes and implement all improvements in accordance with an agreed remediation plan. The bank should also ensure that it has robust internal controls, risk management, as well as sufficient and effective board oversight.

Outcomes

The remediation plan that Westpac put in place in 2021 had been fully implemented by the end of 2023. In 2024, Westpac disclosed the final independent review report of the remediation programme, which confirmed that Westpac had improved its culture, governance and management of money laundering risks. The bank has established a Board Compliance Committee and created a relevant Group Executive role. Throughout the dialogue, Westpac has confirmed positive improvements on its culture transformation since the launch of its corporate culture programme in 2020.

Based on Westpac's efforts to strengthen its AML work and the improvements in its culture of compliance, the Council on Ethics considers the objectives of the dialogue to have been met. The dialogue has therefore been resolved.

Resolved dialogue

# Dialogue with Yes Bank about business ethics

Background facts

Country: India

Area: Corporate governance

Progress during 2024:



Milestones achieved:



The dialogue with Yes Bank was initiated 2020 due to reports of serious lapses in the corporate governance and compliance in the bank. Yes Bank had previously also been fined for underreporting its non-performing assets (NPAs). In March 2020 the Indian government placed a moratorium on the bank's operations and took control of management to improve governance and compliance.

The objectives of the Council on Ethics' dialogue have been that Yes Bank should properly report NPAs to the regulator, responsibly manage the restructuring process and reform the internal control and compliance systems. It should also adopt a robust anti-corruption policy.

Outcomes

Yes Bank replaced its Board members and created separate risk, credit, compliance and audit positions at the executive management level.

The bank has implemented a reconstruction scheme which required the development and implementation of an anti-bribery and anti-corruption policy as well as a whistleblower policy. Yes Bank has also strengthened risk management practices and established a system for automated reporting. The bank's strategy for promoting a culture of compliance has included the establishment of a committee for the management of NPAs.

Based on Yes Bank's efforts to improve risk governance, implementation of a reconstruction scheme and an improved risk management of NPAs, the Council on Ethics considers that the objectives for the dialogue have been fulfilled. The dialogue has therefore been resolved.

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# New exclusion recommendation 2024

If a dialogue does not lead to results that the Council on Ethics considers reasonable, the Council on Ethics may recommend that the AP Funds exclude the company. However, this is a last resort and is always preceded by a systematic escalation process during which the Council on Ethics explores further opportunities for influencing the company. Decisions about exclusions are made by the individual AP Funds' Boards, or the CEO.

## Bharat Electronics

### Background facts

**Country:** India

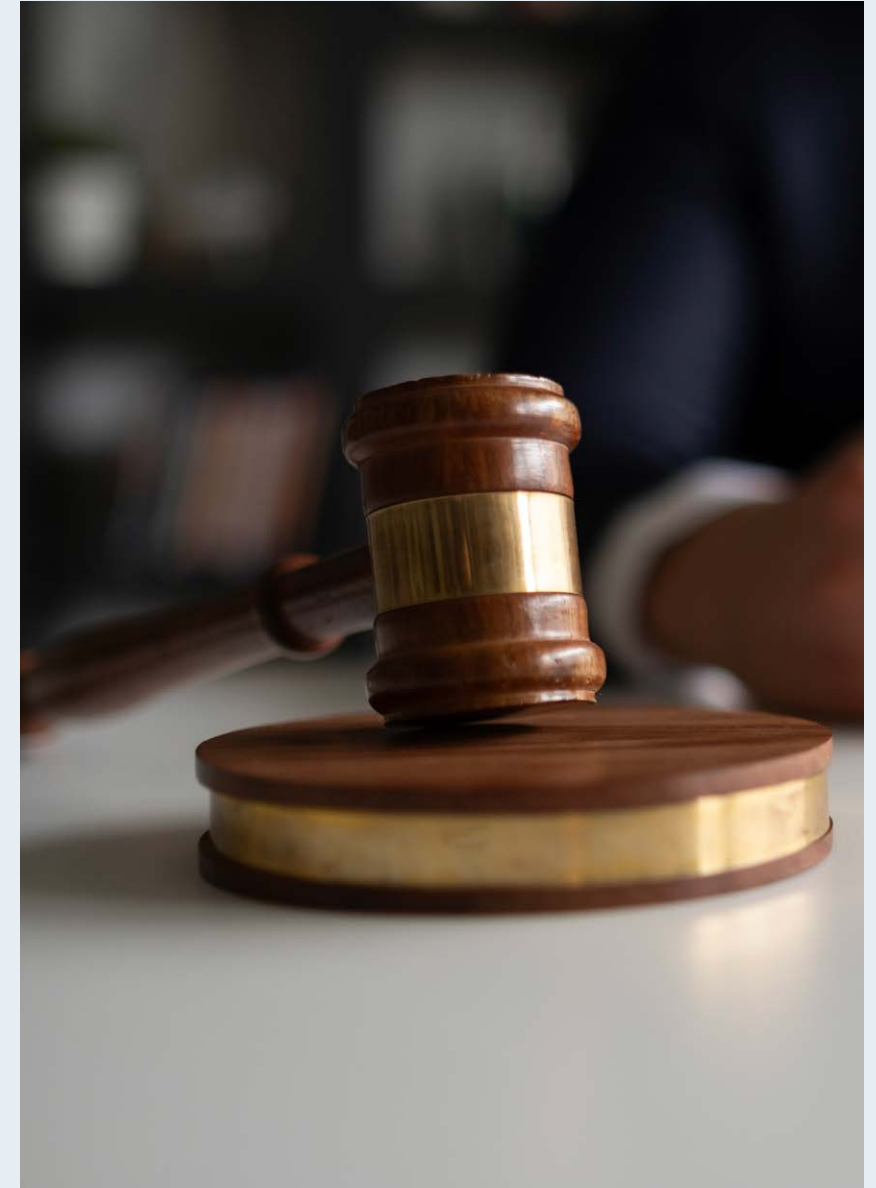
**Area:** Social issues

Bharat Electronics Limited is an Indian defense company which is assessed to be involved in the export of arms to Myanmar's military. The exports in question concern an air defense weapons station and radio and radar systems for naval vessels to Myanmar's military both prior to and after the military coup in February 2021. Myanmar's military is assessed by several sources to have committed human rights abuses against the civilian population both before and after the coup. The company's exports of arms and military supplies to Myanmar's military is assessed to contribute to the latter's ability to use violence against the

civilian population in Myanmar, in violation with international humanitarian law. The company has not replied to the Council on Ethics' repeated attempts to establish dialogue. Neither has it been possible to identify any substantial dialogue with other stakeholders.

The Council on Ethics recommends the exclusion of Bharat Electronics Limited as the company's export of arms and military supplies to Myanmar's military is assessed to contribute to human rights violations according to Principle 2 of the UN Global Compact and Chapter IV of the OECD Guidelines for Multinational Enterprises.

[Read more about current exclusion recommendations on the Council on Ethics' website »](#)



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# The Council on Ethics is an essential part of the AP Funds' sustainability strategies

The Council on Ethics was founded in 2007 by the First, Second, Third and Fourth AP Funds. The role of the Council on Ethics is to encourage companies to make improvements in sustainability and to support the AP Funds in complex sustainability areas. Thereby, the Council on Ethics forms an essential part of the AP Funds' sustainability strategies and their mission related to responsible ownership. The Council on Ethics is governed by a Board consisting of a representative from each AP Fund.

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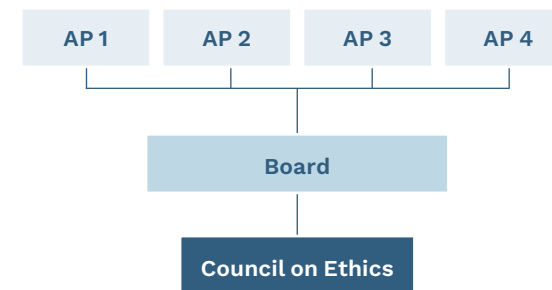
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# Governance and organisation of the Council on Ethics

The Council on Ethics consists of three employees and is governed by a Board with a representative from each AP Fund. The responsibility for chairing the Board rotates between the AP Funds on an annual basis. The Board maintains a systematic process for an annual evaluation of the Council on Ethics. The Council on Ethics is also included in the government evaluation of the AP Funds.



## Board



**Magdalena Håkansson**  
Member of the Board since 2019. Head of Sustainability AP1. Magdalena leads the work related to responsible investment and stewardship at AP1. Magdalena has extensive experience from the finance sector, of which the last 15 years with focus on sustainability.



**Åsa Mossberg**  
Chair of the Board 2024, member of the Board since 2021. Head of Communication and Sustainability AP2. Åsa is responsible for integrating sustainability throughout AP2's investment process. Åsa is also Head of Communication and is a member of AP2's executive management.



**Fredric Nyström**  
Member of the Board since 2023. Head of Sustainability and Governance AP3. Fredric is responsible for the integration of sustainability in AP3's investment processes as well as the fund's stewardship activities. Fredric has worked with sustainability and finance for 20 years.



**Pia Axelsson**  
Member of the Board since 2012. Senior Governance and Sustainability Analyst AP4. Pia focuses on global listed companies. Pia has extensive experience of governance, communication and finance, among other as a portfolio manager.



**Jenny Gustafsson**  
Executive Director, started 2023. Jenny is responsible for the management of the Council on Ethics, and also actively participates in dialogues and projects. Jenny has extensive experience of management roles within responsible investment.



**Alexander Elving**  
Engagement Director, started 2024. Alexander conducts reactive dialogues and is responsible for the focus areas related to climate transition and antimicrobial resistance. Alexander has previous experience from different roles in responsible investment and active ownership.



**Anna Warberg**  
Engagement Director, started 2024. Anna conducts reactive dialogues and is responsible for the focus areas related to child and forced labour, tech companies and human rights, as well as water. Anna has a background in responsible business conduct and labour rights.

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# The AP Funds – part of the income pension system

The Council on Ethics was founded in 2007 by the First, Second, Third and Fourth AP Funds. The role of the Council on Ethics is to encourage companies to make improvements in sustainability and to support the AP Funds in complex sustainability areas. Thereby, the Council on Ethics forms an essential part of the AP Funds' sustainability strategies and their mission related to responsible ownership.

The AP Funds contribute to a strong Swedish income pension system through managing the public pension buffer capital. Withdrawals are made from the buffer capital to cover any deficits in pension payments. Deficits may arise, for example, if demographic generational differences arise, or if there is weak economic growth. The pension system is designed to handle such situations; it is why the buffer capital system exists. Through long-term asset management, the AP Funds are charged with ensuring positive growth in value of the buffer capital. This helps to ensure a stable pension system and safeguard pension payments over time for current and future generations.

## Mandate from Riksdagen (the Swedish Parliament)

The AP Funds' mandate from Riksdagen is to generate high returns at low risk for current and future pensioners and at the same

time help ensure the stability of the pension system. On 1 January 2019, the rules in the Swedish National Pension Funds (AP Funds) Act were amended. A new objective – that the AP Funds must contribute to sustainable development by managing their assets in an exemplary way – was introduced. This should be achieved through responsible investment and responsible ownership, without the AP Funds compromising the objective of attaining a high return in the long run.

The pension system's buffer capital has been managed with good effect by the AP Funds over time. The capital has shown good value growth and currently account for a significant share of the pension system's assets. Four AP Funds with the same mandate – to manage their share of the buffer capital – serve among other to spread the risks in the pension system and incentivises the AP Funds to positive competition and development,

which has led to the AP Funds' asset management and stewardship being viewed as leading the way internationally. The management of the AP Funds is assessed annually by external auditors and is also subject to a government evaluation. An audit report is published annually and presented to Riksdagen.

## Pensioners

The income pension scheme is a redistribution system where the contributions from those currently in employment are used to pay pensions to current pensioners. Those who work and pay taxes make an automatic pension contribution of 18.5 percent, of which 16 percent goes to the income pension system and 2.5 percent to the premium pension.

## The pension system

Today's pension system has worked as intended since its launch in 2001. Deficits

occur in times of high numbers of retirements. Low unemployment, a high birth rate, labour migration and Sweden's socio-economic development are important factors in terms of whether pensions are to show good growth over time.

## Mandate of the Council on Ethics

The Council on Ethics was founded in 2007 by the First, Second, Third and Fourth Swedish National Pension Funds (AP Funds). The role of the Council on Ethics is to encourage companies to make improvements in sustainability and to support the AP Funds in complex sustainability areas. Thereby, the Council on Ethics forms an essential part of the AP Funds' sustainability strategy and their mission related to responsible ownership.

To find out more about the system, visit the [Swedish Pensions Agency website](#) »





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## 2007

The Council on Ethics is established. The Council on Ethics' first report is published. Dialogue is conducted with 14 companies. One company can already be removed from the dialogue list in the first year because the objectives of the dialogue have been achieved. The Council on Ethics travels to China to learn more about companies' approach to social responsibility and sends a clear message: there are foreign investors willing to take their responsibility as owners.

## 2008

The objectives for three dialogues are achieved; for example, a French company adopts and implements a human rights policy in response to inhumane conditions found at refugee accommodation centres in the UK. The UN adopts the Convention on Cluster Munitions, and the Council on Ethics recommends exclusion of nine companies.

## 2011

The Council on Ethics expands the scope of its work by carrying out its first proactive project, focused on the mining industry. The goal of the proactive work is to encourage companies to work towards adopting best practices in challenging sustainability areas. When the project is reviewed in 2014, the Council on Ethics notes general improvements in all of the areas discussed with the companies.

## 2013

The Council on Ethics arranges a seminar about financing the transition to a low carbon society. Politicians, stakeholder organisations and investors participate. The telecommunications sector is in the spotlight in one of the Council on Ethics' proactive initiatives. The Council on Ethics decides to implement a four-year time limit for reactive dialogues.

## 2015

The Council on Ethics hosts a Nordic seminar about the UN Guiding Principles on Business and Human Rights (UNGPs), also known as the Ruggie Principles. The aim is to inspire Nordic companies to implement the principles and report in line with them.

## 2017

The Council on Ethics celebrates its ten-year anniversary by organising two seminars on responsible and sustainable investment, with a focus on climate change, human rights and the environment. Al Gore and Johan Rockström participate in one of the seminars.

## 2018

The Council on Ethics recommends the AP Funds to exclude three cannabis companies, as they are assessed to be in breach of the UN conventions on narcotics since they manufacture and/or market cannabis-based products for non-medicinal use. The Council on Ethics decides to focus its proactive work on three sustainability areas: climate and the environment, human rights and business ethics.

## 2019

The mining company Vale's tailings dam, in Brumadinho, Brazil, collapses with catastrophic consequences. The Council on Ethics is already engaged in an ongoing dialogue with the company following a similar accident two years earlier. The Council on Ethics recommends the AP Funds to exclude Vale. Shortly thereafter, the Church of England Pensions Board and the Council on Ethics initiate a major joint project to ensure that mining companies globally take responsibility for their tailings dams.

## 2020

The work focused on enhanced safety for tailings dams results in the creation of a public global database with information about more than 1,800 tailing dams, and in the establishment of the Global Industry Standard on Tailings Management. The Mining and Tailing Dam Safety Initiative wins the PRI Stewardship Project of the Year Award. The Council on Ethics also publishes an expectations document related to human rights and the tech sector, in collaboration with the Danish Institute for Human Rights.

## 2022

The AP Funds complete a review of the Council on Ethics' mandate, strategy and organisation, concluding that the Council on Ethics remains an important body for collaboration between the AP Funds and an essential part of the AP Funds' joint sustainability work. The Council on Ethics launched a new proactive international collaboration to positively influence the human rights practices of major tech companies. Two proactive projects, which are considered to have achieved their objectives with good effect, were concluded during the year.

## 2023

The Executive Director of the Council on Ethics takes up her post and by the end of the year two sustainability specialists have been recruited. The AP Funds and the Council on Ethics carry out a materiality analysis and identify five new focus areas for proactive work: Antimicrobial resistance (AMR), Child and forced labour, Climate change, Tech companies and human rights, and Water. Four new proactive projects are launched in these five focus areas.

## 2024

Work in the five focus areas is further developed, including through a new international initiative focused on the demand for green steel and a collaboration aimed at raising awareness about the systemic risk of AMR. Two proactive projects are successfully concluded during 2024. In total, the Council on Ethics engages with 174 companies – both in proactive and reactive dialogues.



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